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ABSTRACT

The Committee for Economic Development (CED), an independent research and policy organization of approximately 250 business leaders and educators, issued this report as a statement calling on federal and state governments to make early education available to all children age three and over. The statement maintains that in order to ensure that all children enter school ready to learn, the nation needs to reform its current approach by linking programs and providers into coherent state-based systems with the goal of universal access to free, high-quality prekindergarten classes, offered by a variety of providers, for all children whose parents want them to participate. The statement argues that universal access will be accomplished in the most timely and equitable way through a strong federal/state partnership, with states taking the lead in building universal prekindergarten systems. It is estimated that a serious commitment to universal early education will require a public investment of at least $25 to $35 billion more than current expenditures to extend access to free, part-day, part-year preschool programs to all children age 3 and up. The CED asserts that states' approach to providing universal preschool should be consistent with principles related to: (1) access to center-based programs meeting recognized standards; (2) service delivery through a variety of providers, with parents selecting the most appropriate setting; (3) financial subsidies for costs involved in early learning provided in partnership with the federal government; (4) efforts with the federal government to build infrastructure, improve program quality, and provide oversight services; and (5) improved data collection to ensure that comparable and reliable information is available on access, costs, and outcomes and knowledge about the most effective characteristics of early learning programs. Also included in the statement are memoranda of comment, reservation, or dissent; presentation of the objectives of the CED; and lists of the CED board of trustees, honorary trustees, research advisory board, professional and administrative staff, and previous CED statements on national policy. Appended is a discussion of how the cost of universal preschool was calculated. (Contains 66 endnotes.) (KB)

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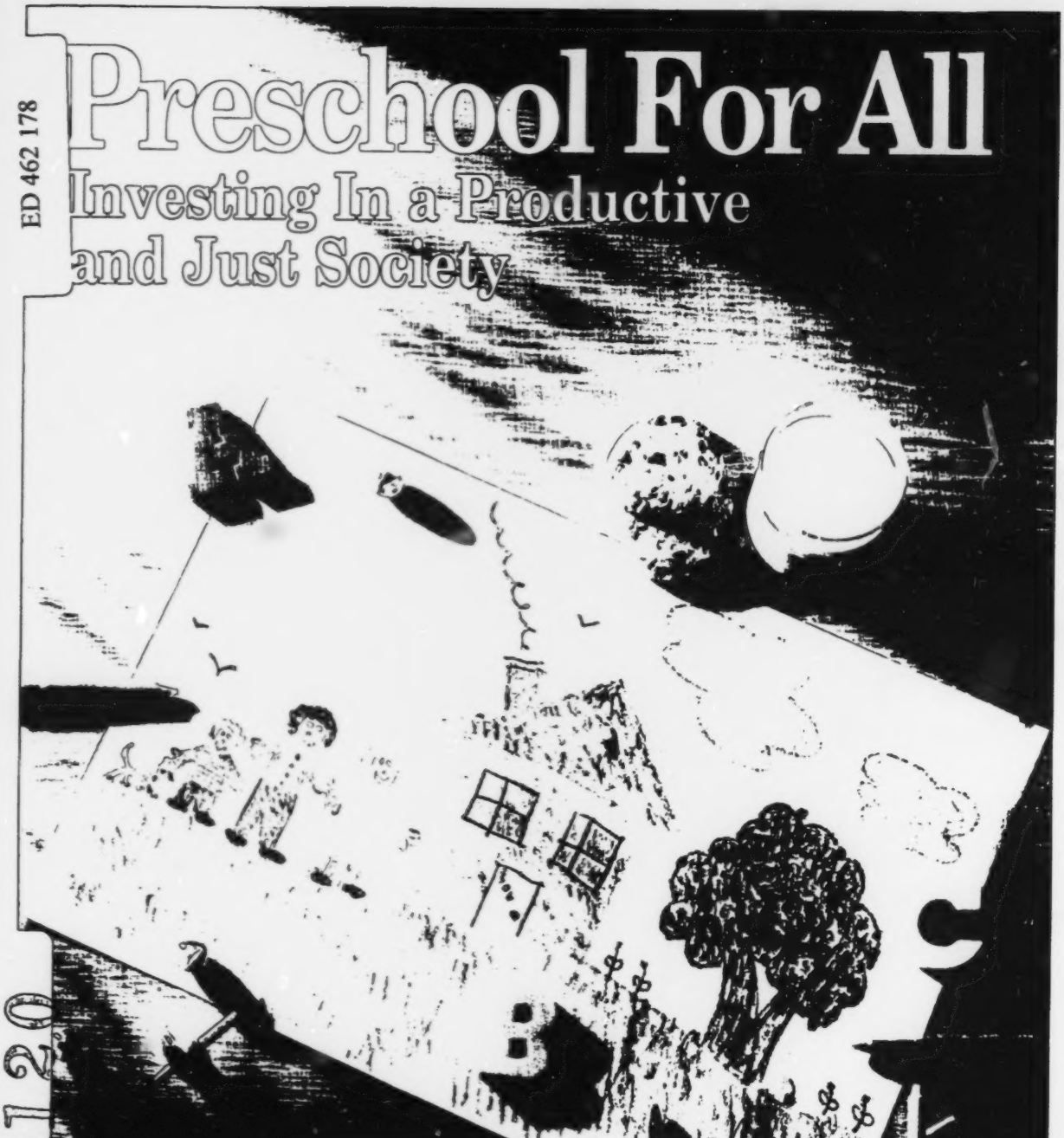
Investing In a Productive and Just Society



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RESPONSIBILITY FOR CED STATEMENTS ON NATIONAL POLICY

The Committee for Economic Development is an independent research and policy organization of some 250 business leaders and educators. CED is nonprofit, nonpartisan, and nonpolitical. Its purpose is to propose policies that bring about steady economic growth at high employment and reasonably stable prices, increased productivity and living standards, greater and more equal opportunity for every citizen, and an improved quality of life for all.

All CED policy recommendations must have the approval of trustees on the Research and Policy Committee. This committee is directed under the bylaws, which emphasize that "all research is to be thoroughly objective in character, and the approach in each instance is to be from the standpoint of the general welfare and not from that of any special political or economic group." The committee is aided by a Research Advisory Board of leading social scientists and by a small permanent professional staff.

The Research and Policy Committee does not attempt to pass judgment on any pending specific legislative proposals; its purpose is to urge careful consideration of the objectives set forth in this statement and of the best means of accomplishing those objectives.

Each statement is preceded by extensive discussions, meetings, and exchange of memoranda. The research is undertaken by a subcommittee, assisted by advisors chosen for their competence in the field under study.

The full Research and Policy Committee participates in the drafting of recommendations. Likewise, the trustees on the drafting subcommittee vote to approve or disapprove a policy statement, and they share with the Research and Policy Committee the privilege of submitting individual comments for publication.

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Purpose of This Statement

CED has for many years argued that the development and education of all children from the earliest stages of their lives must be a national priority. In this report we take aim directly at the educational needs of children age 3 and up who have not yet entered kindergarten. Increasingly, research is indicating that prekindergarten children have much greater capacity to learn than was previously realized. But the nation still depends on a piecemeal and haphazard set of preschool arrangements that does not give all children equal opportunity to enter school ready to learn.

It is time for the United States to acknowledge society's stake in and responsibility for early education, as it long has for older children, by making publicly-funded prekindergarten available to all preschool children whose parents want them to enroll. With most parents now working, it is also important that preschool opportunities from a diverse set of providers include those prepared to supply the full-day, full-year care that employees need for their children.

Over a decade ago, we and others pointed out the desirability of expanding preschool access. Since then, growing numbers of children have begun to participate in center-based programs of early care and education. But too many of these programs do not provide the kinds of activities that ensure that children enter school ready to learn. A key hurdle is the lack of public willingness to make the investments necessary to give all children the strong start they need to succeed in school.

This report makes the case for universal, free access to prekindergarten. It argues that states should take the organizational lead in tying diverse providers into coherent systems of early education. The report also proposes that financial responsibility for preschool should be equally shared by the federal and state governments, with today's parental costs scaled back over time. Our report describes an approach for constructing this federal/state financial partnership and emphasizes the importance of identifying standards of program quality and continuously improving performance.

The report is a call to action rather than a detailed blueprint for moving from today's piecemeal and underfunded early education programs to coherent and comprehensive early learning systems. It does not attempt to propose answers for all the policy issues that will arise in linking existing and new programs together. It acknowledges that there is more to learn about how to make the most of the learning capabilities of young children. But it emphasizes that we know more than enough to take action now to improve early education, and it lays out a set of principles upon which we believe high-quality, universally-available preschool education should be built.

ACKNOWLEDGMENTS

We would like to thank the dedicated group of CED Trustees, advisors, and guests who served on the subcommittee that prepared this report (see page vi). Special thanks go to the subcommittee co-chairs, Roy J. Bostock, Chairman, Executive Committee of B/Com^3 Group, Inc., and Edward B. Rust, Jr., Chairman and CEO of State Farm Insurance Companies, who guided the project with skill and insight. We are also

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Chapter 1

Summary

The Committee for Economic Development (CED) calls on the federal and state governments to undertake a new national compact to make early education available to all children age 3 and over. To ensure that all children have the opportunity to enter school ready to learn, the nation needs to reform its current haphazard, piecemeal, and underfunded approach to early learning by linking programs and providers into coherent state-based systems. The goal should be universal access to free, high-quality prekindergarten classes, offered by a variety of providers, for all children whose parents want them to participate.

CED believes that universal access will be accomplished in the most timely and equitable way through a strong federal/state partnership. States must be responsible for (1) expanding preschool opportunities, (2) ensuring that the necessary teachers and facilities are available, and (3) integrating their diverse array of preschool providers and programs into coherent systems that meet the educational needs of young children while also addressing child care needs of working parents. The federal government should provide incentives for and assistance to states constructing high-quality early learning systems by (1) creating a new federal-to-state grant program to underwrite part of the cost of providing universal access to prekindergarten, (2) helping states build the infrastructure needed to extend access to all children, and (3) certifying acceptable state standards for early education.

For too long the United States has paid lip service to the importance of preschool opportunities that prepare children for school without undertaking the level of investment needed to turn promise into reality. For the sake of both the children and of our society, it is time to make good on the commitment to provide early learning opportunities for all. We call on federal and state policy makers to implement the steps outlined here, and we urge business leaders and others to support the additional public investments necessary to build and maintain universal prekindergarten programs.*

Helping all children start school ready to learn is critical to their future success and to the well-being of society as a whole. Children who start school behind their peers are unlikely to catch up. Children who enter kindergarten with limited word reading skills are the most likely to develop later reading difficulties and require remedial education. Even with this subsequent extra help, they continue to lag; children who are not at least modestly-skilled readers by the end of third grade are unlikely to graduate from high school. Poorly-educated workers are increasingly unable to earn a living wage in a global marketplace where skills matter more than ever before. Society pays in many ways for failing to take full advantage of the learning potential of all its children, from lost economic productivity and tax revenues to higher crime rates to diminished participation in the civic and cultural life of the nation. Our democratic values are also betrayed when we fail to live up to our ethical and moral obligation to safeguard the health and well-being of all young children.

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*See memoranda by JAMES Q. RIORDAN (page 41).

For these reasons, CED Trustees have stressed the importance of investing in young children in a series of reports since 1985.[1] **Over a decade ago, CED urged the nation to view education as an investment, not an expense, and to develop a comprehensive and coordinated strategy of human investment. Such a strategy should redefine education as a process that begins at birth and encompasses all aspects of children's early development, including their physical, social, emotional, and cognitive growth.**[2] In the intervening years the evidence has grown even stronger that investments in early education can have long-term benefits for both children and society.

Likewise, at the 1989 Education Summit of the President and the nation's governors, the first of several goals set for American education was that "by the year 2000, all children will start school ready to learn." Achieving this goal, in turn, depended on reaching 3 objectives:

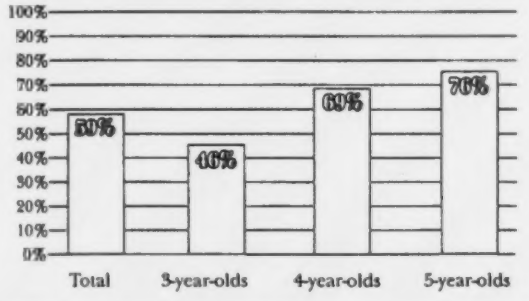
- "Children will receive the nutrition, physical activity experiences and health care needed to arrive at school with healthy minds and bodies, and to maintain the mental alertness necessary to be prepared to learn, and the number of low-birth-weight babies will be significantly reduced through enhanced prenatal systems.
- Every parent in the United States will be a child's first teacher and devote time each day to helping such parent's preschool child learn, and parents will have access to the training and support parents need.
- All children will have access to high-quality and developmentally appropriate preschool programs that help prepare children for school."[3]

We see many signs that the needs of our youngest citizens are receiving increased public awareness and support. Public subsidies for child care have grown, as have state and federal efforts to improve the quality of care. States have expanded their efforts to make prekindergarten education available to at least some of their preschoolers. The Children's Health Insurance Program has helped expand the proportion of children whose medical costs are covered by insurance. In state capitals and communities around the nation, many thousands of people have worked to improve services for young children and make them more readily available. New messengers have joined long-time advocates of better programs for young children. For example, Fight Crime: Invest in Kids, a bipartisan, nonprofit, anti-crime organization whose members include nearly 1,500 police chiefs, sheriffs, district attorneys, and victims of violence, has made early childhood development programs a major focus of its anti-crime efforts.

Despite these encouraging signs of progress, however, Goal 1 is still far from accomplished. America's youngest children still have many unmet needs.

In this report we focus specifically on access to preschool learning opportunities that prepare all children for school. Due in part to the fact that most mothers are now in

Percentage of Preschool-Age Children in Center Based Programs, 1999



SOURCE: National Center for Education Statistics, *Digest of Education Statistics, 2000*, NCES-2001-034,(Washington, D.C.: U.S. Department of Education, January 2001), table 48.

the workforce, the majority of 3- to 5-year-olds who have not entered kindergarten are already enrolled in a center-based† early care and/or education program. This advance creates an opportunity to turn the promise of universal early childhood education into a reality for all of the estimated 8.3 million children in this age cohort.

Existing early education efforts, however, are inadequate to fulfill this promise. Too many children spend their time in settings that do not improve their school readiness or take full advantage of their capacity to learn and that are staffed by poorly trained and poorly paid workers with high turnover rates. Many children still do not have access to good preschool programs. Because families still bear the largest financial responsibility for early education, children of higher income and better educated parents are the most likely to participate.

Since most mothers of young children now work, parents need early education programs that meet their child care needs as well; but public policies still too often treat education and care separately. Policies must encompass simultaneously the goals of school readiness for children and support of working parents.

Other industrialized countries far surpass the United States in recognizing the wisdom of investments in early education. A number of European countries already enroll high proportions of their young children in programs with significantly higher standards for educational staff than are typically found in this country. In most cases, these programs are publicly funded.

Without a serious and sustained commitment to overcoming the shortcomings of American preschool education, many children will continue to miss out on the benefits of early learning. This loss could further widen the gaps in educational achievement that already pose one of the biggest challenges facing elementary and secondary educators and that permanently limit economic and social opportunities.

It is time for the United States to recognize, as do many other countries, that the public interest in assuring educational opportunity for all should include younger children and not just those who have reached their fifth or sixth birthdays. CED's 1991 observation is even more true today: "In the past, society's responsibility for providing educational opportunity for children started with their entry into schools. But a new understanding of how children learn makes it clear that the nation can no longer afford to wait that long."[4] Just as we have long seen elementary and secondary education for all as a societal responsibility, we must now undertake to extend educational opportunity to all children age 3 and up.

A serious commitment to early education for all will require substantially greater investments by both the federal, state and local governments. Parents now bear the largest share of the burden of financing out-of-home care and education for their preschool children. Public subsidies reach far too few families to ensure access for all to early learning programs and, moreover, are frequently too low to support quality services. The public sector invests only about $20-25 billion annually in care and education programs for youngsters from birth to age 5, while spending roughly $500 billion on K-12 and postsecondary education. We estimate that the annual public expenditures would need to be *at least* $25 to $35 billion higher to extend access to free, part-day, part-year preschool programs to all children age 3 and up, including the nearly 3.5 million youngsters not now enrolled in center-based care.* Additional investments will be necessary to improve the quality of

†Center-based care refers to early education and/or care offered in formal settings such as child care centers, preschools and prekindergartens, and federally-funded Head Start centers. Center-based care does not include services provided to children by relatives or nonrelatives in home-based settings.

*See memoranda by ARNOLD R. WEBER (page 41).

teachers and facilities, monitor performance, and support research and data collection.

CED's vision of universal preschool calls on states to play the central role in building universal prekindergarten systems. We see the federal government as catalyzing state system-building through significant subsidies tied to the development of state strategic plans and timetables and dependent on holding state preschool services to acceptable standards. States should be free to choose their own approach to the development of universal prekindergarten so long as the approach is consistent with the following five principles.

(1) *Access.* Children age 3 and up whose parents want them to enroll should have access to center-based preschool programs that meet recognized standards for fostering education and school readiness along with social and physical development in a safe environment. We believe a minimum goal should be free part-day (4-6 hours), school-year long prekindergarten programs for all such children, just as older children are provided publicly-funded elementary and secondary education. The federal government, which already is and should continue to be a major source of early education funding, should ensure that basic standards of program quality are in place by creating an independent body to review state-developed and other standards for early education and certify acceptable ones.

(2) *Delivery.* Preschool education consistent with recognized standards should be obtainable from a variety of providers, with parents choosing the setting most appropriate for their child's and family's needs. A diverse array of providers (e.g., public preschools, Head Start, nonprofit and profit-making child care centers) already enroll many young children. It makes sense to take advantage of this existing infrastructure by offering current providers the opportunity and means to upgrade their services to prekindergarten standards while allowing parents to continue selecting the setting they prefer for their children. Such arrangements are especially important for working parents, who need access to providers who build early education into full-day, year-round programs. Policy makers should encourage providers to integrate prekindergarten and child care by, for example, eliminating incompatible rules that create barriers to seamless provision of education and child care services. Policy makers should also structure public subsidy programs to offer incentives to providers to supply higher quality child care.

(3) *Financing.* While states should be responsible for ensuring universal access to prekindergarten and tying diverse providers into coherent systems of early education, the federal and state governments should share responsibility for financing early learning. To encourage equitable access across the nation, the federal government should provide funding sufficient to cover children from lower-income families by creating a new federal-to-state grant program and should also provide states with financial assistance to help develop the infrastructure needed for universal access. States should ensure that places are available in approved preschool programs for all children age 3 and up whose families want them to attend.

Most states will not be able to implement universal free prekindergarten overnight, and federal funding should begin in the early stages of system-building. But even initial federal funding should be contingent on states submitting plans describing a strategy and timetable for accomplishing the goal of providing free universal access to preschool for all. While eventually states should be responsible for the costs of preschool for all children not covered by federal support, as an interim step states could, by using income-based fee schedules, share these costs with families.

(4) *Infrastructure, quality improvement, and oversight.* In addition to subsidizing direct preschool costs, the federal and state govern-

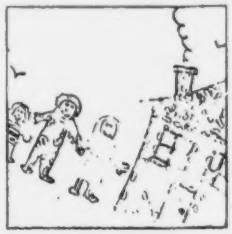
ments should make resources available to improve staff and facilities and provide technical assistance and monitoring. Universal, high-quality preschool will require many new facilities and qualified teachers. Without explicit attention from policy makers, shortages of teachers and classrooms will hamper the expansion of preschool programs. Providers wishing to upgrade their standards will need help with costs that they may not be able to cover from routine operating income. In addition, states must monitor preschool systems that utilize diverse providers in order to identify and assist those that are not meeting established standards.

(5) *Data and research.* The federal and state governments should improve data collection to ensure that comparable and reliable information is available on access, costs, and outcomes and should support research to expand our knowledge about the most effective characteristics of early learning programs. The fragmented nature of early care and education in the United States is reflected in data systems that present only a partial picture of current early learning activities. Instead of piecemeal reporting approaches, federal and state policy makers must develop unified data collection systems capable of providing comprehensive information on children's participation in early education and related services. Moreover, while research has already provided important insights into the learning capabilities of young children and raised critical questions about the adequacy of existing programs, much remains to be learned about which policies and practices will most effectively and efficiently support early learning.

Moving beyond today's fragmented and inadequate array of early education offerings to a high quality preschool system that meets the needs of all young children will clearly take time. Achieving this goal will also take improved knowledge about how to make the most of young children's capacities to learn. **But we already know more than enough to begin making meaningful progress now toward the goal of early learning opportunities for all. It is time to turn this knowledge into action.***

*See memoranda by JOSH S. WESTON (page 41).

Chapter 2



Overview of Existing Policies and Programs for Young Children

To appreciate the deficiencies in how the United States approaches early learning, it is necessary first to understand what current arrangements look like and why they work the way they do. The nation has a patchwork of early care and education opportunities that evolved to meet different and traditionally separate objectives: fostering child development (giving young children access to education and other services that would prepare them for formal school) or meeting labor market needs (providing working families with child care). Today there is growing recognition of the significance of early learning for efforts to improve K-12 education, while changing patterns of work and welfare have created new incentives to provide early education to the growing number of young children who spend time in out-of-home care. While education and care for young children are, therefore, increasingly intertwined activities, public policies still tend to reflect their separate origins as either child development or labor market programs.

BACKDROP: CHANGING SOCIETAL PERSPECTIVES ON EDUCATION, WORK, AND WELFARE

Changing societal perspectives on education, work, and welfare make the education and care children receive before they enter school of growing importance for the general public and not just for parents. Education reformers increasingly recognize that their efforts to improve student achievement are affected by differences in children's development that are already evident when formal schooling begins. With most parents, mothers as well as fathers, now working, employers know that it is more important than ever for their employees to have access to high-quality child care arrangements to help them balance their work and family responsibilities. New welfare policies require low-income mothers of even very young children to work.

Efforts to reform elementary and secondary education have drawn attention to early education. There is growing emphasis on holding schools accountable for successfully educating *all* of their students. Reformers are increasingly aware that gaps in knowledge and skills are already evident when children enter kindergarten. Narrowing these gaps (especially those linked to children's race and family incomes) after children enter school has proven to be one of educators' most intractable challenges.

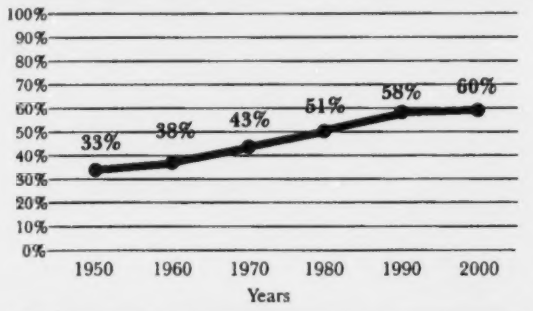
Ensuring that all students receive an adequate education may depend crucially on ensuring that they enter school ready to learn. In fact, courts in two states have recently ordered state officials to provide preschool education to children at risk of later educational problems. Plaintiffs in school finance lawsuits challenged the legality of state school funding laws on the grounds that insufficient and inequitable funding denied some students their constitutional rights to an adequate

education.† In finding for the plaintiffs, courts in New Jersey and North Carolina included in their mandated remedies the provision of publicly-funded preschool programs for at-risk youngsters.[5] (The North Carolina court specified access for 4-year-olds, while the court in New Jersey included 3-year-olds as well.) Since school finance policies are under legal challenge in many states, it is likely that court-ordered preschool for at least some children will spread beyond New Jersey and North Carolina.

Access to preschool can also help families balance child-rearing and work. While individuals may still debate whether changing patterns of work and family are desirable, the irreversible reality is that it is now the norm in the United States for women to work. This is true of all women, including mothers of children who have not yet reached kindergarten age. Between 1950 and 2000 the civilian labor force participation rate of women 20 years of age and over increased from 33 to 60 percent. In 2000, 73 percent of women with children were in the labor force, including 72 percent of those with children 3- to 5-years-old and 61 percent of those with children under age 3.[6]

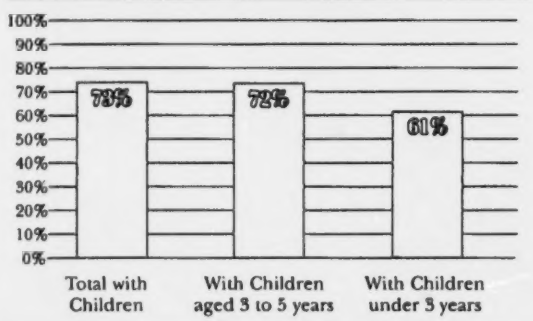
Moreover, public policy has shifted in its expectations about low-income mothers' participation in the workplace. In the early 1990s over 90 percent of mothers receiving Aid to Families with Dependent Children ("welfare") were not in the paid labor force. Prior to 1996 states were not allowed to require public assistance recipients who were single parents caring for infants to participate in work-related activities.[7] This stipulation changed with passage of the Personal Responsibility and Work Opportunity Reconciliation Act

Women's Labor Force Participation Rate: 1950-2000



SOURCE: U.S. Department of Labor, *Report on the American Workforce* (Washington, D.C.: U.S. Department of Labor, 2001), p. 126, table 5.

Labor Force Participation Rate of Women with Children: 2000



SOURCE: U.S. Department of Labor, *Report on the American Workforce*, (Washington, D.C.: U.S. Department of Labor, 2001), p. 127, table 6.

(PRWORA). As of October 1999 most states still continued to exempt individuals with very young children from participating in work activities, but 16 states set the age limit at 3 to 6 months and 4 had no criteria for exemptions. In 23 states mothers of children over age 1 could be required to work. Only 5 states had an age limit higher than age 1.[8] Thus most single mothers became subject to PRWORA's assumption that adults, even those with young children, should be

†Unlike the federal constitution, virtually every state constitution includes some kind of "education clause" specifying education as a government function and requiring legislatures to create public schools that provide education variously described as "thorough and efficient" or "ample" or "adequate." Many state school finance systems are under legal challenge for failing to support an "adequate" education for all students.

self-supporting and that public benefits should be contingent on meeting work or work preparation requirements.

WHO CARES FOR AMERICA'S PRESCHOOLERS?

Because the United States has not approached the provision of early care and education in a systematic way, there is little routine and up-to-date information about who cares for young children. Another consequence of the nation's unsystematic approach is the lack of any universally accepted classification scheme for early care and education providers that would definitively describe the services they offer. The situation is further complicated by the fact that many young children are in multiple arrangements: for example, a child may spend part of the week in a child care center or preschool program and another part in a family day care setting (in a non-relative's home) or being cared for by relatives. Despite these difficulties, an overview of preschool arrangements can be pieced together from a variety of special (and not always strictly comparable) surveys.

In 1999, 59 percent of 3- to 5-year-olds who had not yet entered kindergarten participated in some kind of center-based program, variously called day care, nursery school, prekindergarten, preschool, and Head Start. The older the child, the more likely he or she was to be enrolled in a center-based program for at least some part of a week: 46 percent of 3-year-olds, 69 percent of 4-year-olds, and 76 percent of 5-year-olds. Just 23 percent of these children had parental care only: 31 percent for 3-year-olds, 18 percent for 4-year-olds, and 14 percent for 5-year-olds.[9] The remaining children were more likely to be cared for by relatives or in family day care settings operated by non-relatives than in center-based programs. Infants and toddlers were more likely than preschoolers to be in family-based rather than center-based care.

Center-based providers vary in the extent to which they are organized to provide educational experiences for preschool children and whether they offer services on a full- or part-day basis. There are no hard and fast rules distinguishing centers, but those labeled "day care" are more apt to be full-day programs meeting the child care needs of working parents (i.e., 9 to 10 hours a day). Nursery schools, prekindergartens, preschools, and Head Start are more apt to include instruction as an important and integral aspect of their service and, like many public kindergartens, may be part-day programs (2-4 hours) operating only during the regular school year. Even when educationally-oriented providers offer "full-day" services, full-day generally refers to the length of the typical elementary/secondary school day (6-7 hours) rather than the 9 to 10 hours offered by centers oriented to the child care needs of working parents.

The number of centers caring for children who have not yet entered kindergarten is unknown but totals well over 100,000.† The Children's Foundation 2001 survey of child centers found 111,506, based on reports from state child care licensing offices.[10] However, states differ in the extent to which they include or exclude educationally-oriented preschool programs from their child care licensing requirements.‡ The Foundation also reported that there were 304,958 regulated family child care homes in 2000, mostly serving six or fewer children,[11] and estimated that there were 4 unregulated family day care homes for every regulated one.≠

†This figure compares to roughly 80,000 public elementary and secondary schools.

‡For example, some states exclude preschools and prekindergartens, which may be regulated by different agencies. Some states exclude religiously-affiliated centers from licensing requirements.

≠States have varying rules about which family child care homes must be regulated. Many exempt homes caring for a small number of children.

Center providers operate under a variety of auspices. Some are operated by nonprofit groups, including religious organizations. Some are profit-making businesses, both single centers and large corporate chains. In some places the public school system offers prekindergarten classes, although often these are open mainly to children who are at risk of not being ready to succeed in school because of poverty, limited English, disabilities, or other factors.

States have the primary responsibility for setting standards for and regulating early care and education providers. The major exception is that the federal government requires that the states have basic child care safety and health requirements in place in order to receive funds from the Child Care Development Fund (see the next section). Even here, states set the health and safety requirements as well as procedures for ensuring the compliance of both regulated and nonregulated providers; and states vary in the extent to which their practices are consistent with recommendations of experts.[12] More generally, states differ in their rules about which providers are subject to regulatory standards and what standards must be met. As noted above, there are substantial numbers of providers (especially family-based providers but also including some centers) who are eligible for public subsidies but are exempt from any regulation except basic health and safety rules.

WHO PAYS FOR EARLY CARE AND EDUCATION?

In keeping with the traditional view that early care and education are individual consumer goods rather than an investment with important public benefits, families bear the largest responsibility for providing care and education for preschool children.

It is estimated that in 2001, public and private spending on early care and education for children from birth to age 5 will total $50-55 billion dollars, with parents paying 50-55 percent, the federal government paying 25-30 percent, and state and local governments paying 15-20 percent. Corporate and philanthropic investments could amount to 1-5 percent but are difficult to estimate.[13] If the unpaid time of mothers and fathers engaged in child care is considered, the parental share is obviously much higher. Other costs that are not included in this total are those of relatives and others who take care of children on an unpaid basis or at a below-market rate.

It is impossible, given the structure of current funding policies, to identify the resources going specifically to support early education for 3- and 4-year-olds as distinct from child care for children from birth to age 4 or 5. Even the $50+ billion cited above must be seen as a ballpark rather than a precise figure, since funding programs may cover school-age children as well and seldom provide good estimates of the age break-down of beneficiaries.

The two important considerations to keep in mind about early care and education funding are that, unlike elementary and secondary education, (1) families still bear the largest share of costs, and (2) the federal government is a significantly more important partner than the states in *funding* (as opposed to providing or administering) early care and education. This latter fact is easily obscured by the state's lead role in administering programs and in the wide discretion states have to structure program parameters. But the American approach to financing early care and education has evolved quite differently from our approach to financing public elementary and secondary education. In the latter case, states and localities bear 93 percent of the burden of funding public schools, parents pay nothing, and the federal government only contributes about 7 percent. As important as this marginal federal money is to many elementary and secondary schools, federal

funding policies have a far greater influence on the availability of early education opportunities.

Federal Funding

Most of the federal funding that subsidizes education and care for children under age 5 comes from 2 programs, Head Start and the Child Care Development Fund (CCDF). The former has its origins in the 1960's efforts to expand educational opportunity by giving disadvantaged children a "head start" in school. CCDF is designed to support working parents by helping them with the costs of child care. Reflecting their different goals, the two programs operate in quite different ways.

Head Start. Head Start provides grants to local agencies to provide comprehensive early childhood developmental, educational, health, nutritional, social, and other services to low-income children and their families. Ninety percent of participants must be from families whose income is below the poverty line or from families who are eligible for public assistance. Most Head Start programs are half-day and part-year. While children from birth through kindergarten are eligible, only 6 percent of the 857,664 children enrolled in FY 2000 were under age 3. Fifty-six percent were age 4. (The remainder were age 3 (33 percent) or age 5 (5 percent)). Nationwide, 1,535 Head Start grantees provided services in 18,200 centers at an average cost of $5,951 per child.† Head Start appropriations have risen rapidly over the last decade, from $1.6 billion in 1990 to $6.2 billion in 2001.[14]

Head Start is the oldest of the federal early care and education programs, having enrolled its first children in 1965. With strong roots in the Community Action Program of the War on Poverty, Head Start has traditionally given local grantees wide flexibility in program structure. Grantees must comply with federal program standards, which Congress in 1998 modified to place more emphasis on school readiness.

CCDF. The Child Care Development Fund was formed during the 1996 welfare reform by consolidating several existing child care programs. The fund provides grants to states for subsidizing the child care costs of eligible families and for improving the overall quality and availability of child care services. Some CCDF funds are subject to matching requirements.

States give CCDF subsidies in the form of certificates or outright cash to parents to purchase child care services or through grants and contracts to providers who enroll eligible children. In FY 1999 only 11 percent of the children participating in CCDF were served through grants or contracts; 83 percent were served through certificates and 6 percent through cash to parents. In that year 29 percent of CCDF children were served in settings "legally operating without regulation," as distinguished from regulated settings.[15] Eligible settings include centers, family day care homes, and relatives if they live in a separate residence. Federal law requires that CCDF providers comply with applicable state or local health and safety requirements but otherwise leaves it up to states to set licensing standards and determine reimbursement rates.

Parents share responsibility for paying child care fees, on a sliding scale basis, although states may waive fees for families below the poverty line. States set subsidy levels and fee schedules.

Children up to age 13 who reside with a family whose income does not exceed 85 percent of the state median income are eligible to participate; however, states are free to set lower eligibility limits, and most do. Parents

†Head Start centers often provide a broader range of services to children and their families than do other early childhood centers or public schools, so annual per-child Head Start costs are not directly comparable to costs incurred by other early education providers.

must be working or in education or training or the child must be in need of protective services.

Federal funding for CCDF in FY 2001 was $4.5 billion. The General Accounting Office (GAO) estimates that 1.3 million children under age 5 participated in CCDF in FY 1999 and that 70 percent of total budget authority for the program went for children in this age group.[16]

Although children benefiting from CCDF may receive care that helps them prepare for school, school readiness is not an explicit goal of the program. There are no national performance standards for services or staff other than the basic requirements noted above that states must have and enforce health and safety rules.

Other federal funding. Head Start and CCDF provide roughly three-quarters of the federal subsidies available for early care and education. Smaller but still important subsidies flow from Temporary Assistance for Needy Families (TANF), from special education programs, and from Title 1 of the Improving America's Schools Act.[17]

Under TANF, the program that replaced Aid to Families with Dependent Children in the 1996 reform of federal welfare legislation, states can use some of their welfare block grant on child care. TANF in recent years has been an important source of child care funds, reaching 350,000 children under age 5 in FY 1999 at an estimated cost of $1.3 billion.

Children with disabilities get federal aid under "special education" programs. GAO reports that 1.1 million children under age 5 participated in special education in FY 1999, but these figures cover 3 different programs and may include duplicated counts of students. Total spending on special education services for children under age 5 was $835 million.

Title 1 grants for supplemental educational and related services to educationally-disadvantaged children in low-income areas mostly are spent by local districts on elementary education, but about 300,000 children under age 5 benefited from Title 1 funds in FY 1999.

In addition to these direct expenditure programs, several tax credits and exclusions help families and employers pay for employment-related dependent-care expenses. Unlike direct federal early care and education programs, tax benefits are not targeted to lower-income families.

State And Local Funding

Prekindergarten. As of 1998-99, 42 states (including the District of Columbia) invested in state prekindergarten initiatives offering regularly-scheduled group experiences for young children to help them learn and develop before entering elementary school.[18] Beyond this fundamental similarity, the initiatives were quite diverse:

- Some programs were available only in public school settings, while others (such as Georgia's) made use of a variety of settings.
- Some states only supplement federal Head Start programs, while others have developed separate initiatives. A number of states sponsor multiple initiatives.
- Georgia offers prekindergarten to all 4-year-olds whose parents want them to participate. To qualify to participate, Georgia Pre-K providers must offer services 5 days a week, for at least 6.5 hours per day, for 36 weeks a year. Providers are reimbursed $2,219 to $3,475 annual per child (see Appendix). Georgia officials estimate that approximately 63,500 4-year-olds, or 58 to 60 percent, are participating, with another 12,000 4-year-olds enrolled in Head Start centers that are not Pre-K providers. New York and Oklahoma have launched school-district-based initiatives to open prekindergarten to all 4-year-olds, regardless of income, but not all districts in these states participate. New York, which restricts

GEORGIA'S PREKINDERGARTEN PROGRAM PROVIDERS

In 1993 Georgia established a prekindergarten program for 4-year-olds with funds from the state lottery. Originally targeting at-risk children, in 1995 the program was opened to all children whose parents want them to participate. Eligible providers include:

- Public Schools
- Department of Family Services
- For-Profit Child Care Agencies
- Hospitals
- Universities
- Atlanta Job Corp
- YMCAs and YWCAs
- Private Schools
- Head Start Agencies
- Nonprofit Child Care Agencies
- Vocational/Technical Schools
- Churches
- Military Bases

SOURCE: Karen Schulman, Helen Blank, and Danielle Ewen, *Seeds of Success: State Prekindergarten Initiatives — 1998-1999* (Washington, D.C.: Children's Defense Fund, 1999), p. 186.

district participation because of limited funding, appears to be currently serving roughly a quarter of its 4-year-olds and Oklahoma around half.

- Enrollment rates in states that restrict access to prekindergarten reach or exceed 20-30 percent in a few cases, but generally are much lower.† These states have adopted varying approaches to setting priorities about whom to serve. Most state programs are limited to low-income families and children with other risk factors. (Even then, most states do not serve all eligible children.) Some states focus on serving all children in selected communities, generally chosen because they are home to significant populations of disadvantaged families.
- Some states limit a child's eligibility for prekindergarten to one year. Others define eligible children to include both 3- and 4-year-olds or even all children from birth to age 5.
- Many state pre-K initiatives offer only part-day (2 to 4 hours a day), part-year services, although there are exceptions such as Connecticut, Massachusetts, and Hawaii.
- Some initiatives (particularly those that follow a public school model and focus on public school settings) focus comparatively narrowly on education goals, while others provide a more comprehensive array of services including health care and various family supports.
- States may distribute pre-K funds directly to providers or may distribute them to communities or school districts, which in turn distribute funds to individual providers. Hawaii and Arizona distribute some or all funds directly to parents.
- Many but not all state pre-K initiatives require providers to meet quality standards that are higher than the state's child care licensing standards. For example, New York State has no pre-service requirements for teachers in child care centers,

†Reliable data on enrollment rates in prekindergarten programs are not available. We have made rough estimates based on unpublished information provided to us by the staff of *Education Week*, who collected enrollment numbers from states. The problem in estimating enrollment rates is in knowing what denominator to use, since states may allow children younger than four to enroll but the extent of their eligibility to participate is difficult to determine.

while prekindergarten teachers are required to be certified in elementary education.[19]

In 1998-99 states spent approximately $1.7 billion on their pre-K initiatives and served 750,000 children.[20] Total state spending was quite uneven: the 10 highest spending states accounted for over three-quarters of state spending on pre-K initiatives, although they accounted for just over one-half the pre-K age population. The 5 top spending states (California, Georgia, Illinois, New York, and Texas) accounted for about half of all state pre-K spending.[21] State spending per enrolled pupil varied widely as well, from $7,000 in Connecticut (for children enrolled in full-day programs) to less than $2,000 in 14 state initiatives. While the various initiatives are not directly comparable, in that they cover differ-

FULL-DAY, FULL-YEAR PREKINDERGARTEN INITIATIVES

Several states provide the necessary funding for full-day and/or full-year prekindergarten for eligible children and also require that it be offered by at least some percentage of programs.

Connecticut reimbursed providers $7,000 per child in 1998-99 for children participating for the full day and full year. The state also required that at least 60 percent of available prekindergarten slots be for full-day/full-year participation, to meet the needs of full-time working families. Based on local planning processes that were required to assess the need for these programs, several communities decided to go beyond minimum requirements and have all their prekindergarten programs operate on a full-day, full-year basis. Connecticut's program is open to all 3- and 4-year-olds where offered, but is limited to school districts with high concentrations of poverty. About 6,300 children were served in school year 2001-02, roughly 7 percent of the state's population of 3- and 4-year-olds.

Massachusetts requires that at least one-third of the children participating in its prekindergarten initiative be provided with full-day classes. This requirement reflects the initiative's orientation toward meeting the needs of working families. The state also promotes full-day/full-year programming by encouraging local councils under its Community Partnerships for Children to consider the range of schedules faced by working families (including irregular as well as regular shifts) in implementing their prekindergarten programs. Approximately 21,800 children from moderate and low-income families participated in prekindergarten in 2001-02, roughly 13.5 percent of the state's 3- and 4-year-olds.

Hawaii's Preschool Open Door program funds full-day programs for all participating children, although only for 9 months a year. The state provided funds directly to parents, who could choose the program their children attended. This might be a prekindergarten program, although it could also be a child care program that met only child care licensing standards. Hawaii's program served approximately 800 3- and 4-year-olds from low-income families in 1999-00, roughly 2.5 percent of the relevant age group.

In all 3 cases, while the states provided funding for extended programs, they also required parents to pay fees on a sliding scale basis.

In 1998-99 several other states (California, Florida, and Maryland) reported providing some support for extended hours in their prekindergarten programs, although they did not require programs to offer extended hours.

SOURCE: Karen Schulman, Helen Blank, and Danielle Ewen, *Seeds of Success: State Prekindergarten Initiatives-1998-99* (Washington, D.C.: Children's Defense Fund, 1999), pp. 129-30; Nancy K. Cauthen, Jane Knitzer, and Carol H. Ripple, *Map and Track: State Initiatives for Young Children and Families, 2000 Edition* (New York, NY: National Center for Children in Poverty, Columbia University, 2000); unpublished information from *Education Week*.

ent services, a sense of the meaning of these average expenditure levels can be gained by comparing them with the $5,147 average annual cost in the federal Head Start program in FY 1998.[22] Some states require localities to provide matching funds or permit them to supplement state money. These additional local dollars may come from school districts or from community programs and organizations.

Child care. Most state spending on child care is actually federal money, from federal appropriations for CCDF or from state decisions to transfer money from the TANF block grant to CCDF or to spend TANF funds directly for child care. In addition to meeting their required state match for these funds, however, states do expend some of their own funds on child care. The exact amount, especially the portion directed to preschool-age children, is hard to pinpoint. State and local spending on early care and education combined is estimated to have been about $8 to $10 billion in 1999.[23]

State child care spending tends to benefit low-income families and to take the form of vouchers or direct payments to providers. States sometimes draw on general revenues for child care funding but may also depend on a variety of other revenue sources. For example, Kentucky and Maine devote part of their tobacco settlement money to child care; and California uses funds raised by taxes on cigarettes and other tobacco products for a range of "early childhood development services," including child care. Massachusetts and Kentucky give individuals, when registering and licensing motor vehicles, the option of designating part of their fees to support child care. Missouri funds its Early Childhood Development, Education and Care Fund from gambling fees. Georgia funds its pre-K program, as well as college education, from a state lottery. Over half the states have tax credits or deductions for child and dependent care.[24]

Chapter 3

Shortcomings in the U.S. Approach to Early Learning

The U.S. approach to early education suffers from serious shortcomings. Although many young children spend time in some kind of center-based care, many are not exposed to developmentally-appropriate activities that would improve their readiness for school. Moreover, access to formal learning programs with qualified staff is limited and uneven, despite growing evidence that such investments in early education pay substantial benefits to both individuals and society. Early education and child care programs are not well integrated, thereby complicating the lives of working parents who need safe and stimulating arrangements for their children on a year-round, full-time basis. The nation lags most other developed countries, especially those in Western Europe, in the availability and quality of learning opportunities for 3- to 5-year-olds who have not yet entered kindergarten. Public investment in the United States is inadequate for the task of building a strong early learning system available to all.

YOUNG CHILDREN HAVE UNTAPPED POTENTIAL FOR LEARNING

Too many children spend their time in settings that do not take full advantage of their capacity to learn.

Prekindergarten children have much greater power to learn than has traditionally been realized. A National Research Council (NRC) panel on early learning pedagogy recently undertook "the first attempt at a comprehensive, cross-disciplinary examination of the accumulated theory, research, and evaluation literature relevant to early childhood education."[25] The NRC study noted an important change in what we know about "the major tasks for children during the preschool years." In earlier times, these tasks were seen primarily as those of "socialization: separating from home, learning how to interact with peers and unfamiliar adults, and experiencing new material in a novel environment. Today we recognize the first 5 years as a time of enormous growth of linguistic, conceptual, and social competence" as well.[26]

The pace of children's learning during their early years depends significantly on the environment in which they grow up. Learning is maximized in settings that encourage cognitive, socio-emotional (mental health), and physical development; that feature responsive interpersonal relationships with teachers that nurture children's disposition to learn and their emerging abilities; and that offer well-planned curricula whose aims are specified and integrated across domains of learning. While not diminishing the importance of many traditional preschool activities, research is showing that children can learn more in the preschool years in reading, mathematics, and science than was previously understood. In reading, for example, the preschool years are a crucial time for developing the "emergent literacy skills" necessary to become a reader: e.g., understanding the structure and sounds of words, the meanings of words, and the concept that print conveys meaning.

The NRC panel noted that "while no sin-

gle curriculum or pedagogical approach can be identified as best, children who attend well-planned, high-quality early childhood programs in which curriculum aims are specified and integrated across domains tend to learn more and are better prepared to master the complex demands of formal schooling." Among other factors, incorporating more ambitious learning goals into programs for young children requires teachers who are deeply knowledgeable about how children develop in the early years and about the pedagogy of teaching preschool youngsters. The panel recommended that each group of children in a preschool be assigned a teacher who has a bachelor's degree and specialized education related to early childhood.[27]

Current training levels of adults who work with young children are a far cry, however, from those envisioned by the NRC panel; and pre-service training requirements vary widely from state to state and program to program. Individuals can often be hired for preschool and child care center positions with only a high school diploma and little or no experience.[28] In 2000, 31 states set no minimum requirements for teachers in child care centers. Of the states with minimum requirements, only Rhode Island and New York City (which has regulations separate from those of New York State) required teachers in child care centers to have bachelor's degrees.

Elsewhere, minimum requirements typically included various combinations of coursework in child development, experience, and receipt of a Child Development Associate (CDA) or similar credential.[29] The CDA, a nationally recognized credential originally developed for Head Start workers, certifies that high school graduates with experience working with children and 120 hours of formal child care education have also passed a performance-based assessment of their caregiving knowledge and skills. The CDA is the most widely held credential among child-care workers and qualifies holders to be teachers in prekindergarten programs in 9 states as well. Twenty-nine states require their prekindergarten teachers to have teacher certification, which requires a college degree.[30]

Minimum qualifications for preschool teachers are slowly being raised in some places. For example, as of the 2002-03 school year, the CDA and related credentials will no longer be acceptable as a lead teacher credential in the Georgia Pre-K Program. These teachers will be required at a minimum to hold an associate's degree, Montessori diploma, or other equivalent credential.[31] The federal Head Start program by 2003 will require that at least half of its teachers have an associate's degree.

Preschool teachers in the United States are poorly paid. In 1998 their median annual earnings were $17,310. Median annual pay was highest for those preschool teachers working in the elementary and secondary school system ($23,300) and lowest for those classified as working in "child day care services" ($15,700). Child care workers fared even worse: their median hourly earnings were $6.61 in 1998. This figure would translate to roughly $13,000 annually for full-time workers. Furthermore, preschool teachers and child care workers frequently do not receive benefits such as health care and paid vacation.[32] Not surprisingly, high levels of turnover have plagued the preschool and child care industries.

At current levels of training and pay, the early education field is unlikely to attract the highly-qualified and stable workforce necessary to meeting the growing expectations of parents and policy makers for measurable developmental outcomes for all children.

Moreover, child development specialists warn that 10 to 20 percent of existing out-of-home child care settings fall below thresholds of even adequate care. How do researchers describe the inadequate care experienced by

too many children? According to an NRC panel of experts on early childhood development, in poor-quality settings "[researchers] see caregivers who more often ignore than respond to young children's bids for attention and affection, a dearth of age-appropriate or educational toys, and children who spend much of their time wandering aimlessly around, unengaged with adults, other children, or materials." The panel also warned that, given the possibility that providers offering extremely poor care do not participate in research, the proportion of poor-quality care might actually be higher than these figures suggest.[33]

Access to publicly-subsidized programs helps protect children against inadequate care, for although they vary in quality, programs such as Head Start and other subsidized arrangements offer quality of care that is significantly higher than found in other community-based child care centers.[34] Formal preschool programs also offer parents some assurance that their children are receiving adequate care and the opportunity to learn. But preschool and public subsidies are not equally available to all.

ACCESS TO FORMAL EARLY LEARNING PROGRAMS IS LIMITED AND UNEVEN

Because the United States still views education and care of young children as primarily a family responsibility, early learning opportunities are unavailable to many children. Children of higher-income and better-educated parents are the most likely to have the advantage of participating in early education programs.

In October 2000 the Census Bureau found[35] that 52 percent of all 3- to 5-year-olds not yet enrolled in kindergarten were enrolled in "nursery school."† Hispanic children were significantly less likely to be enrolled than white non-Hispanic and Black children: 36 percent compared to 55 and 58 percent, respectively.

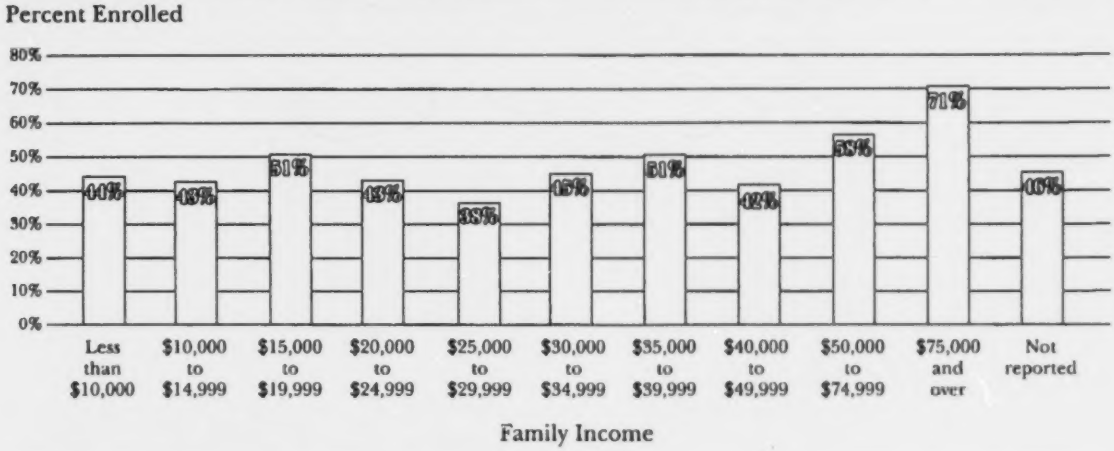
The likelihood that children would be enrolled in nursery school increased with income, from 44 percent of children in families earning less than $10,000 to 71 percent of children from families earning $75,000 and over. As the chart on page 18 indicates, the most noticeable differences in enrollment rates were between families earning less than $50,000 and those earning more. The relationship between enrollment and mother's education was still more dramatic. Just 32 percent of children whose mothers had only an elementary school education were enrolled in nursery school, while 68 percent of children whose mothers had college degrees were enrolled.

The Census Bureau statistics on enrollment show that public school programs were especially important for children from lower-income families. Whereas 89 percent of the enrolled children of families with incomes less than $10,000 were in public nursery schools, 77 percent of the children from families with incomes of $75,000 and over attended private schools.

The reliance of lower-income families on public programs is significant in light of the fact that many eligible families are denied public subsidies because of limited funding. In 1990, with enthusiastic support of CED, Congress authorized full funding of Head Start by 1994. Nevertheless, current appropriations are only sufficient to permit 60 percent of eligible 3- and 4-year-old children to

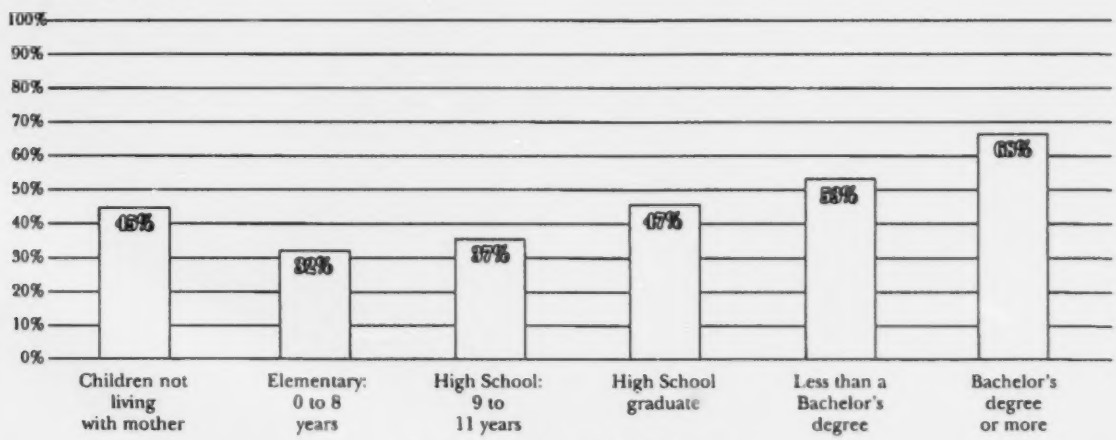
†The Census Bureau's Current Population Survey defines "nursery school" as "a group or class that is organized to provide educational experiences for children during the year or years preceding kindergarten. It includes instruction as an important and integral phase of its program of child care." Head Start is counted under nursery school. www.census.gov/population/www/cps/cpsdef.html

Enrollment in Nursery School by Family Income: October 2000



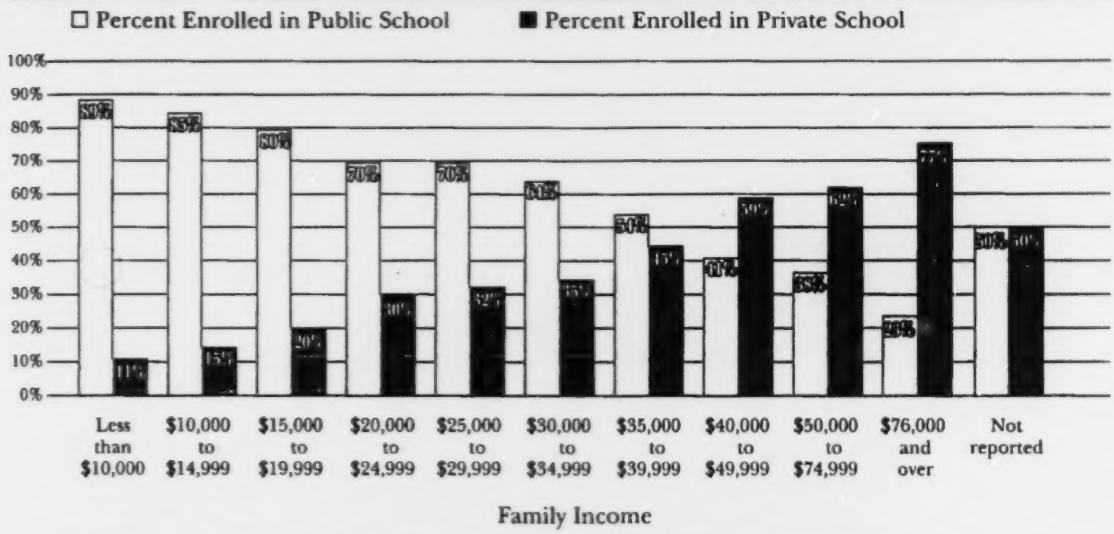
SOURCE: U.S. Census Bureau, *Current Population Report*, available at <www.census.gov/population/www.socdemo/school/ppl-148/tab04.txt> Accessed June 1, 2001.

Enrollment in Nursery School by Mother's Level of Education: October 2000



SOURCE: U.S. Census Bureau, *Current Population Report*, available at <www.census.gov/population/socdemo/school/ppl-148/tab03.txt> Accessed June 1, 2001.

Enrollment in Public and Private Nursery School by Family Income: October 2000



SOURCE: U.S. Census Bureau, *Current Population Report*, available at <www.census.gov/population/socdemo/school/ppl-148/tab04.txt> Accessed June 1, 2001.

participate. Only 12 percent of the children eligible for subsidies under the Child Care Development Fund block grant actually receive them,[36] and many states have waiting lists for these subsidies. The General Accounting Office reports that the Department of Education does not have information on the proportion of Title 1 funds used for preschool children, but estimates that Title 1 reached only 264,000 such children in 1996-97, or 2 percent of all children Title 1 served that year.[37] School officials find it difficult to allocate Title 1 funds to preschoolers because of many unmet needs in elementary and secondary schools. State prekindergarten programs typically enroll only a small fraction of 3- and 4-year-olds, as noted in Chapter 2.

Uneven access to early education opportunities is worrisome because learning gaps are developing among children in the preschool years; and children who are behind when they enter school are unlikely to catch up with their peers. A recent National Research Council study on the science of early childhood development found that "striking disparities in what children know and can do are evident well before they enter kindergarten. These differences are strongly associated with social and economic circumstances, and they are predictive of subsequent academic performance."[38]

Evidence for this conclusion can be seen in a new longitudinal study by the National Center for Education Statistics, which is following a nationally-representative sample of 22,000 kindergarteners as they enter and progress through the early grades of school. Early findings document differences in what children know and can do when they enter kindergarten and show that many of these differences are linked to family characteristics such as income and mother's education. Differences are found not only in knowledge

SELECTED FINDINGS ABOUT FIRST-TIME KINDERGARTNERS, FALL 1998

	Percentage of Kindergartners with Characteristic				
Characteristic	All Kindergartners	Mother with less than High School	Mother with BA or higher	Utilized AFDC**	Never utilized AFDC
Have 3 Print Familiarity Skills*	37	17	56	19	40
Can Recognize Letters	66	38	86	41	69
Can Recognize Numbers and Shapes	94	84	99	85	95
Can Recognize Relative Size	58	32	79	33	61
Parents Say General Health is Excellent	51	35	62	36	53
Teachers Say Persist at Task	71	61	79	59	73
Have More Than 50 Books at Home	46	14	71	21	49
Family Members Read to Child 3 or More Days a Week	80	63	93	66	82

*Such as knowing that print reads left to right, where to go when a line of print ends, and where the story ends.

**AFDC: Aid to Families with Dependent Children (pre-1996 welfare program).

SOURCE: National Center for Education Statistics, *America's Kindergartners: Early Childhood Longitudinal Study, Class of 1998-99*, Statistical Analysis Report (Washington, D.C.: U.S. Department of Education, February 2000).

and academic skills, but in non-cognitive domains that are important for school success (such as physical health) and in the learning-related experiences that children have at home.

Unequal access to early education is also disturbing in light of mounting evidence that early education offers long-term benefits for both children and for society, benefits that can substantially offset the large costs involved. It has been known for some time that model demonstration programs providing intensive, high-quality educational and related services to young children from disadvantaged backgrounds increased participants' school success on such measures as reduced referral to special education, lower incidence of retention in grade, reduced dropout rates, and improved test scores. As children in the most widely-watched† of these model programs (High Scope/Perry Preschool and

†Researchers weigh the results of the Perry Preschool and Abecedarian programs more heavily than many other early education and early intervention programs because these projects employed "gold standard" research designs using randomized treatment and control groups and because they have followed up participants over many years.

Carolina Abecedarian) have been followed into young adulthood, more benefits have become apparent: e.g., lower juvenile crime rates, greater labor force participation, and higher incomes. One careful effort to estimate the costs and benefits of the Perry Preschool program, based on data from the age-27 follow-up study, found that the monetary benefits (to the government, to program participants and their mothers, and to crime victims) exceeded the costs per child by a factor of 4 to 1.† A more conservative estimate of benefits, limited to savings to government from the reduction in education services needed, taxes from increased employment, reduction in welfare cost, and reduction in criminal justice cost, still showed benefits of the Perry Preschool program exceeding costs by a factor of over 2 to 1.[39]

Perry Preschool was not a typical preschool program, however. It cost over $12,000 per child in 1996 dollars, in part because it had unusually low teacher/student ratios, because all teachers were certified public school teachers trained in child development, and because three-fourths of the participants received 2 years (rather than 1 year) of services (2.5 hours of center-based daily classes and weekly 90-minute teacher home visits). The program was also very small (121 children, divided between the treatment and control groups). There have long been questions about whether investments in more typical and less expensive early education programs like Head Start and prekindergarten would have similar payoffs.

Recent research suggests that indeed large-scale programs run at lower cost can also generate significant benefits. The Chicago Child-Parent Center (CPC) program began in 1967, funded by federal Title 1 funds and carried out in Chicago public schools. CPC provides preschool and other services to 3- to 5-year-olds as well as extended intervention into the elementary school years to economically disadvantaged minority children. The program currently operates in 24 schools.

Researchers have followed a cohort of 1,539 children, born in 1980, who received some combination of CPC services or who (the comparison group) were enrolled in locally-funded full-day kindergarten programs but did not receive preschool services. Findings from the latest follow-up study of participants at age 21 show that each component of CPC had economic benefits that exceeded costs, with the greatest return resulting from the preschool component. For an average cost per child of $6,730 (1998 dollars) for 1.5 years of participation, the preschool program generated a total return to society of $47,759 per participant, measured as discounted present value—a ratio of 7:1. The largest benefit was in increased earnings for participants expected from attaining higher education levels. Benefits from preschool also included savings from lower crime rates and from reduced need for school remedial services.[40]

There has never been a large-scale, random-assignment research study on Head Start. In 1998 Congress called for such a national study to assess the impact of the program on the children it serves; data collection is scheduled to begin in the fall of 2002 and continue through 2006.[41] Meanwhile, a recent review of Head Start research attempted to draw some preliminary conclusions about costs and benefits. The study found that the costs of sending children to a Head Start program for 2 years would be partially offset by just the value of the child care provided. Counting other short-term benefits of Head Start (e.g., improved health and

†In an analysis that estimated the dollar value of additional benefits such as reductions in the intangible losses to victims of crime, Barnett calculated an even higher benefit-to-cost ratio for the Perry Preschool program, on the order of 7:1. See W. Steven Barnett, *Lives in the Balance: Age-27 Benefit-Cost Analysis of the High/Scope Perry Preschool Program* (Ypsilanti, MI: The High/Scope Press, 1996).

nutrition) and reasonable estimates of medium-term benefits (e.g., prevention of special education and grade repetition in the early grades) improves the benefit/cost ratio. The author concludes that "available evidence suggests that the short- and medium-term benefits could easily offset 40 to 60 percent of the costs of large-scale, publicly-funded early intervention programs such as Head Start. Thus, even relatively small long-term benefits of such a program may be sufficient to offset the costs of public investment."[42]

There has not been much research on the costs and benefits of early education programs for children from middle- and upper-income families, because these children are by and large not eligible for public subsidies. While the "payoff" to public investments in disadvantaged children is undoubtedly higher, we expect that all children can potentially benefit from such programs. This result would be especially true if findings from new research on the learning capacities of young children are translated into high-quality preschool programs of a kind that few American youngsters have yet experienced.

EARLY EDUCATION AND CARE AREN'T INTEGRATED

"Education and care in the early years are two sides of the same coin."[43] This conclusion seems obvious when we consider the children: social attachments fostered by high-quality care improve both social competence and the ability to exploit learning opportunities. This statement also seems obvious when we consider parents: with most of them employed, they need to know not only that their young children are learning but that they are being well cared-for throughout the working day.

The reality of the two-sided coin of education and care is less apparent when we look at public policies, however, which lack a comprehensive vision that encompasses both the goals of school readiness for children and support of working parents. In consequence, we have "a service delivery system with separate administrations, separate missions and programs, and differing desired child and family outcomes, largely flowing from underlying differences in principal goals."[44] This service delivery system creates a huge challenge for states trying to build comprehensive and coordinated systems of services for young children. The lack of integration also complicates the lives of service providers who must cope with different eligibility requirements for children and families, different methods of delivering federal and state funds, and different requirements and standards for the programs they deliver. It creates barriers for families trying to understand the public subsidies for which they are eligible and looking for providers who can meet both the educational and child care needs of their children.

We touched on some of these differences in Chapter 2; additional details will convey the magnitude of the challenges facing policy makers, service providers, and parents.[45] Head Start and many state prekindergarten programs emphasize child development more than work support and thus generally operate on a part-day, part-year basis. Head Start emphasizes services to children whose families are at or below the federal poverty line, and Head Start grantees are restricted in the numbers of children they can serve above that income level. These provisions complicate efforts to make Head Start services available to providers serving children receiving CCDF subsidies, since the latter can include families with incomes up to 85 percent of state median income.

CCDF, on the other hand, is limited to children from families with a working parent,† while Head Start eligibility depends only on family income and not on the parent's

†Children in families with a parent engaged in education or who are determined to be in need of protective services are also eligible for CCDF subsidies.

employment status. State prekindergarten programs have a variety of rules determining program eligibility, some but not all of which match one or another of the federal programs.

Head Start provides federal funds directly to local grantees on a prospective basis. CCDF subsidies flow from Washington through state-designated lead agencies; most CCDF providers receive reimbursement after they provide care to eligible children whose parents are using certificates that entitle them to services. State prekindergarten programs may distribute funds to local partnerships or localities (such as school districts or Head Start programs); 2 actually distribute funds directly to parents.

Head Start grantees are expected to meet performance standards regarding educational and other services (e.g., social services, health, and parent involvement). Some states follow Head Start performance standards in their own prekindergarten programs; other states have no educational standards, and programs must meet only child care licensing or school code requirements. Federal law does not set performance standards for CCDF. States are not prevented by federal law from applying substantially similar performance standards derived from other programs such as Head Start to their CCDF subsidies. However, a federal provision that CCDF rules must not significantly restrict parental choice of provider is sometimes interpreted as a barrier to imposing performance standards or other requirements on child care providers serving CCDF-eligible children.

State efforts to implement comprehensive early education initiatives are further complicated by the fact that programs are housed in separate agencies. Child care administrators are frequently housed in the state agency that administers welfare and public assistance programs. Prekindergarten programs are often found in state departments of education. Head Start is administered by federal and regional offices, although in recent years federal funding has been provided for a Head Start Collaboration director who is housed in an agency chosen by the state. Often the top administrators of different state early care and education programs have different levels of power and status within the state and therefore would not traditionally engage in joint planning. Moreover, oversight responsibilities in both state and federal legislatures are divided among different committees. All of these structural differences complicate seamless planning and administration; they also mean that distinct cultures and sometimes program rivalries must be overcome.

UNITED STATES LAGS OTHER COUNTRIES

While the United States continues to debate about increasing its investments in young children, other industrialized countries have already recognized the wisdom of such investments. Many nations far surpass us in making early learning opportunities operating on convenient schedules for working parents available to all.

Belgium, France, and Italy, for example, offer universal, voluntary, and free programs for preschool children age 3 to 6 and enroll 95-99 percent of this age cohort. Preschool in these countries lasts for the normal school day, 7 or 8 hours, and supplemental services are available before and after school and during school holidays. Parents share the costs of the latter, paying fees tied to income. Denmark, Sweden, and Finland enroll 73-83 percent of their 3- to 6-year-olds in early education programs that integrate education and care and also guarantee places in subsidized care to any child age 1 and older with working parents. While heavily subsidized by government, parents in these countries are also charged income-related fees. Austria, the Netherlands, and Spain have preschool enrollment rates above 70 percent. Germany

enrolls 85 percent of its 3- to 6-year-olds in kindergarten, although the programs are largely part-day and usually do not offer supplemental services.[46] The United Kingdom enrolls over 90 percent of its 4-year-olds in preschool, while its coverage of 3-year-olds is significantly lower.[47]

These figures are especially impressive because they apply to education-oriented programs that are required to recruit staff with specialized qualifications in education. Day care centers and other facilities where the staff are not required to hold a qualification in education are not included.[48]

Pre-service training requirements in these European countries are much higher than in the United States. Professional staff working with children age 3 or older are generally required to have completed at least 3 years of postsecondary education (which is the equivalent of a bachelor's degree in many countries). ("Wrap-around" services, on the other hand, are often staffed by a different set of workers, for many of whom there is no framework for qualifying or regulating personnel.)[49]

Public financing is the dominant approach to paying for preschool in the industrialized countries of Europe. Parents share costs on an ability-to-pay basis in some cases, but their share is small and sometimes limited to the wrap-around care needed by those who work.

PORTRAIT OF PUBLIC SUPPORT: THE FRENCH SYSTEM OF EARLY CHILDHOOD EDUCATION

At 8:45 A.M. students at a French *école maternelle* ("maternal school") are gathered around a teacher engaged in their daily discussion of the weather conditions and days of the week. By 9:30 they are in the studio learning tumbling and dancing. Later they play math games and eat together in a cafeteria with real plates and cutlery. In the afternoon, one group will participate in a science activity — baking a pie, while others will draw, paint, or illustrate stories. Their day lasts until 4:30 P.M., when many of their parents pick them up. When this is not possible, there is an after school program offered for a minimum fee. At these institutions the teachers all have college degrees plus 2 years of additional preparation at a teacher-training institute, are paid a salary commensurate to a primary school teacher's, receive medical benefits and paid vacation, and are continuously given opportunities to expand their knowledge and ability to teach young children.

The French early childhood education system is the "crown jewel" of its public education system. It has developed over 100 years and enjoys broad public support. Although participation is voluntary for parents, nearly 100 percent of 3- and 4- year olds and almost 40 percent of 2-year olds attend *école maternelle*. The system is fully funded by the national government, with jurisdiction given to local districts to provide infrastructure and non-teaching staff. One politician responded when asked by an American visitor which political party would cut funding for the program in a recession, "No one would dare! It's as if someone here were running for office and wanted to discontinue public education. You'd run him out of town."

Experts in both countries praise many aspects of the French approach to early education, among them universal access, highly trained teachers, quality standards, public support, and impressive facilities. However, a delegation of American early childhood education experts visiting several *école maternelles* in and around Paris pointed to some aspects of the French schools that they wouldn't necessarily want to replicate in the United States: large classes, teacher-directed teaching style, little parental involvement, and emphasis on French cultural immersion rather than sensitivity to cultural differences.

SOURCE: Candy J. Cooper, *Ready to Learn: The French System of Early Education and Care Offers Lessons for the United States* (New York, NY: The French-American Foundation, 1999).

European citizens and their leaders appear to have decided that universal access to preschool is valuable for both children and society, and there is increasing acceptance of the idea that programs should be available to all children free of charge. While ahead of the United States in this regard, many European countries share with us a continuing need to expand the availability of supplementary services to meet the needs of employed parents.[50]

Despite broad agreement about universal access to public funding, there remain differences in approach to preschool education among European countries. They differ in how they divide responsibilities between national and local governments, whether they administer preschool programs under the auspices of education or welfare agencies or some combination, whether they utilize private providers, how they define acceptable standards, and so on.

Country approaches generally reflect differences in their broader political and social traditions. American observers are nevertheless increasingly aware that we in this country can learn important lessons from countries such as France about "the art of the possible" in early education.[51]

PUBLIC INVESTMENT IS INADEQUATE

The inadequacies of the American "non-system" of early care and education are not new concerns. To a discouraging degree, the shortcomings highlighted above repeat problems CED has identified for almost 2 decades. Why haven't we as a nation made more progress in meeting the needs of our youngest children?

We believe that the key problem is the lack of public willingness to the make public investments necessary to give all children the strong start they need as they enter school.[52] Imagine what elementary and secondary education in the United States would look like if children's participation depended on what their parents could afford and were willing to pay. A hundred years ago Americans recognized that our society was not well served by such an approach, and we moved rapidly toward universal access to elementary and then to secondary schools. Imagine how limited postsecondary educational opportunity would be if it depended primarily on how wealthy one's parents were. After World War II and the success of the G.I. Bill, we understood that many more people than previously realized could benefit from continuing their educations beyond high school and that society would also benefit from rising educational attainment. Public universities expanded rapidly, and new federal and state student aid programs were created to help families pay the costs of education beyond high school.

Earlier in this report we estimated that public spending in the United States on early care and education for children from birth to age 5 amounts to about $20-25 billion annually. By contrast, governments at all levels spend roughly $400 billion annually on elementary and secondary education and at least $100 billion on postsecondary education (including student aid).[53] These numbers suggest that our public investments are seriously unbalanced. Just as the nation earlier acknowledged society's stake in and responsibility for the education of older children and young adults, it is now time to recognize that early education is equally vital to our individual and collective well-being and equally worthy of public support.

Chapter 4

Moving Toward Early Learning Opportunities For All

Moving beyond rhetoric to a real commitment to early learning opportunities for all children requires a new national compact that articulates a clear vision of the objective and assigns responsibilities to key stakeholders. Current piecemeal actions, while well-intentioned improvements over the status quo, cannot fully address the need for change. A comprehensive framework for leveraging systemic reform and support for the public investment to accomplish it are essential.

In this chapter we identify the principles around which an early learning system should be built and recommend specific steps to start transforming our vision into reality. Moving from where we are now to full realization of the vision will clearly take time, while political support is built and the necessary new resources found. The practical need to implement the principles gradually is no hindrance. Indeed, we now have the opportunity to build into the planning process improved knowledge about how both to make the most of the learning capabilities of young children and to minimize educational and other developmental gaps between youngsters of different backgrounds as they enter school. That we have more to learn about how to provide preschool education effectively, however, is no excuse to delay. We know more than enough to act now.

ACCESS

Children age 3 and up should have access on a voluntary basis to center-based preschool programs that meet recognized standards for fostering education and school readiness along with social and physical development in a safe environment.

Consistent with our belief that public responsibility for providing education should begin earlier than it currently does, we urge that the opportunity to enroll in a high-quality center-based early learning program be made available to all children age 3 and up whose parents wish them to participate. These programs eventually should be free to all children, just as older children are provided publicly-funded elementary and secondary education. Recognizing that universal free early learning cannot be accomplished overnight, given the large expenditures involved, we emphasize the importance of providing these programs at little or no cost to lower-income families and, where free universal access is not yet feasible, of implementing cost-sharing schedules that ensure that early learning programs will be affordable for all families.

There are still many unanswered questions about how much and what kind of early education is "enough:" e.g., whether well-designed part-day programs can achieve the same developmental outcomes as longer programs; which curricula or pedagogical approaches will prove to be most effective; and what teacher qualifications, class sizes, and staff/child ratios offer the greatest benefits for investments in child development.[54] Accordingly, we stress below the importance of improved research and data.

In the meantime, however, we should not delay improvements to the current system simply because we do not know more. The

foregoing chapters have made clear that the United States is far from offering high quality learning opportunities to all its preschoolers. Thus a minimum goal should be to make available part-day (4 to 6 hours), school-year-long prekindergarten opportunities for all children in programs that meet recognized standards, offered (as indicated below) in settings providing full-day, year-round services for those families who need them.

Because we will argue below that the federal government should underwrite the costs of preschool education for all children from lower-income families, **we believe the federal government should create an independent body to certify acceptable standards for early education.** In establishing criteria for acceptable standards, this group should consider the best available research-based knowledge as well as the standards that have been developed for federal programs such as Head Start and military child care, for state programs (such as the Georgia Pre-K program standards), and/or by independent professional groups such as the National Association for the Education of Young Children (NAEYC), currently the largest accreditor of early care and education programs. This independent body should also continuously review its criteria for certifying standards as new information about how to design effective early learning programs becomes available.

The purpose of creating such a body is not to adopt either a uniform or ideal definition of an early learning program, but rather to provide a means of ensuring that basic standards of program quality are in place. Our ultimate objective is for all children to enter school ready to learn. Therefore, standards (whether they focus on inputs, processes, or, most desirably, outcomes) should have clear links to this goal. Identifying standards will require, as a prestigious panel of experts on the science of early childhood development recently expressed it, "sound judgment in the face of incomplete information."[55] This activity will also require practical consideration of how quickly higher standards than currently characterize early education can be implemented. It is for these reasons that both early education experts and the policy makers and public citizens who must legislate and pay for early education programs should be represented on the independent body that certifies the standards that qualify states for federal preschool funding.

DELIVERY

Preschool education consistent with recognized standards should be obtainable from a variety of providers, with parents choosing the setting most appropriate for their child's and family's needs.

Having evolved from 3 different directions (child care, nursery school, early intervention for disadvantaged children), existing center-based programs enrolling 3- and 4-year-olds operate under a wide array of public and private auspices. A more coherent early education system, with universal access and higher standards, should capitalize on the strengths such diversity can offer, rather than seek to replace the present system with a single model of preschool. Both uncertainties about what constitutes "the best" preschool program and continuing public tension over parental and public responsibilities for the care of young children indicate the wisdom of giving parents a variety of settings in which to place their children.

Pragmatism, too, argues for building on the current diversity of providers. Approaches which favor one delivery mechanism (e.g., public schools) over another will face strong and organized opposition from established providers who see themselves as losing out (and, in the case of for-profit providers, losing their businesses). Moreover, many children already spend part of their day in center-based care. It makes sense to take advantage of the infrastructure that already exists by

offering current providers the opportunity and means to upgrade their services to prekindergarten standards.

Finally, many children will need care for many more hours a day than we envision in our basic preschool approach. Families may not have meaningful access to prekindergarten unless they can find providers who build early education into full-day, year-round programs.

Early education opportunities must simultaneously address the child care needs of working parents. Policy makers should encourage providers to integrate education and child care by, for example, eliminating incompatible rules that create barriers to seamless provision of education and child care services.

With so many preschool-age children now spending significant amounts of time with care-givers other than their parents, the old distinctions between child care and preschool no longer make sense. Formal preschool programs in fact provide child care for the hours that they operate. Child care programs in turn have the potential to affect child development through the quality of their offerings. Thus it is important to include in a new vision for early education the goal of making high-quality extended-day and year-round services available in concert with the development of universal preschool programs.

While we will recommend below a shared federal and state responsibility for funding preschool, we believe that the states must be the leaders in tying diverse providers into a coherent system of early education that meets the needs of working parents. The states, not the federal government, have constitutional responsibilities for providing public elementary and secondary education, with which early education must be coordinated. States administer almost all of the current federal programs that fund early care and education (with Head Start, a federal-to-local program, and tax credits to parents the notable exceptions). Patterns of early care and education utilization vary from state to state,[56] along with political and other conditions. States are therefore the logical level of government for organizing delivery systems.

One of the challenges of the next few years is to identify and evaluate various approaches that states might take to the task of system-building. Promising options are already available: e.g., Georgia's and New York's universal pre-K programs, Ohio's Head Start expansion and partnership initiatives, and Massachusetts's Community Partnerships for Children.

Because the federal government is the major provider of public child care subsidies, federal policies are key to integrating preschool and extended-care programs into high-quality, seamless systems. Funding for CCDF (even when supplemented by TANF monies) is so low that subsidies reach only a small fraction of eligible children. Program standards also are low, as we saw in earlier chapters. State reimbursement rates do not necessarily compensate providers for the higher costs they will incur if they opt to meet more than the minimal standards. By July 2000, however, 18 state legislatures had adopted differential reimbursement policies that paid accredited child care facilities at higher rates; and administrative agencies in a small number of states had established such policies without explicit legislative approval. Colorado's legislature enacted differential reimbursement but gave discretion to counties to implement it. A few states have chosen alternatives to accreditation-linked differential reimbursement. North Carolina, for example, has established a 5-star rating system for all licensed child care facilities; the number of stars determines how much the facility is reimbursed for each eligible child.[57]

Because nothing in federal law requires such differentials, however, their use is uneven. **States should be required to create incentives for higher-quality child care by**

DIVERSE APPROACHES TO EARLY EDUCATION

States are pursuing diverse approaches to the task of expanding early education. For example:

GEORGIA

Georgia offers free prekindergarten to all 4-year-olds in the state through a lottery-funded program administered by an independent state agency (the Office of School Readiness). Funding and policy decisions are made at the state level. Public and private child care and preschool providers are eligible to receive state payments for every enrolled child if they agree to use one of several approved curricula and meet other state standards. Pre-K programs are required to operate 6.5 hours a day, 5 days a week, 180 days of the year.

MASSACHUSETTS

Massachusetts uses a community partnership model to provide early childhood service delivery. Through the Community Partnerships for Children (CPC) program, the State Department of Education makes state and federal funds available to local community councils to provide educational and other services to children age 2.9 to 5 years old. Priority is given to children in families earning up to 125 percent of state median income, and the same sliding fee scale as in the subsidized child care system is used to share costs with parents. The state determines eligibility, co-payments, quality standards and key objectives, while local councils assess local needs and develop plans to meet them. Federal child care and state general revenues fund the program.

NEW YORK

New York has established a Universal Prekindergarten Program that delegates decision making to the more than 700 local school districts in the state. The goal of the program when enacted in 1997 was to provide access to all 4-year-olds by 2002-03. School districts decide whether to participate and are expected to involve a wide range of community stakeholders in deliberating about participation and in providing services. With limited funding, priority for state funds has been given to districts based on factors including the proportion of economically disadvantaged children. Districts in turn must give priority to enrolling such children. In 2001-02, 162 districts are expected to be eligible for state pre-K grants. Services may be half-day or more; half-day programs must meet a minimum of 2.5 hours per day, 5 days a week.

OHIO

Ohio has chosen to implement preschool using the Head Start program as a model. The state supplements federal Head Start funds so that, combined with its Public School Preschool program, it is able to provide nearly all low-income 3- and 4-year-olds with prekindergarten. Public School Preschools are expected to comply with Head Start Performance Standards and to provide services for a minimum of 3 hours per day. State funding for Public School Preschool is limited to children from families under 185 percent of the federal poverty level (FPL). Head Start grantees are allowed to apply for waivers so that they can serve children from families up to 125 percent of FPL, which is higher than the federal Head Start eligibility level. In addition to Head Start-Public School Preschool collaboration, Ohio has linkages with child care and community-based planning through its Family and Children First Initiative. State Head Start and the preschool program are administered within the same division of the state Department of Education.

SOURCES: Rachel Schumacher, Mark Greenberg, and Joan Lombardi, *State Initiatives to Promote Early Learning: Next Steps in Coordinating Subsidized Child Care, Head Start, and State Prekindergarten* (Washington, D.C.: Center for Law and Social Policy, April 2001); Karen Schulman, Helen Blank, and Danielle Ewen, *Seeds of Success: State Prekindergarten Initiatives-1998-99* (Washington, D.C.: Children's Defense Fund, 1999); information on New York from Universal Prekindergarten Program website available at < **http://www.emsc.nysed.gov**> Accessed October 22, 2001.

establishing differential rates in CCDF based on approved quality indicators, and federal funding for CCDF should be increased to enable states to reimburse providers of quality care at higher rates. For providers serving 3- and 4-year-olds, one quality indicator could be approval to participate in the state's preschool program.

FINANCING

Universal access to affordable and high-quality preschool education depends critically on greater public funding. The federal and state governments should significantly increase their investments in early learning. The federal government should underwrite financial access to preschool education for all children from lower-income families and should provide states with financial assistance to help them develop the infrastructure (e.g., facilities, trained staff) needed for universal access. States should be responsible for ensuring that places are available in approved preschool programs for all children age 3 and up whose families want them to attend. Eventually states should be responsible for the costs of all children not covered by federal support. As an interim step on the way to universal publicly-funded preschool, states could share these costs with families using income-based fee schedules.

Providing access to early education for all children will be expensive. We estimate that preschool with no parental fees would require new public expenditures of at least $25 to $35 billion annually (see Appendix). Improving the quality of related child care services, building the infrastructure for universal preschool, and expanding data collection and research will increase the funding needed.

The costs of high-quality preschool, which benefit the nation as well as individual children and families, should be shared by society and not made solely or largely the responsibility of the parents of current participants. We noted earlier in this report that existing patterns of finance for early care and education differ from K-12 education, in that federal spending exceeds that of the states. This difference results from the traditional focus of public early care and education programs on children of the poorest and most disadvantaged families: expanding access and opportunity in education has long been seen in the United States as a special federal role.

A federal-state cost-sharing arrangement consistent with this tradition would call for the federal government to ensure access to preschool education for children of lower-income families with the definition of "lower-income" expanded somewhat to include not just those living in outright poverty. States, on the other hand, should undertake the task of providing enough additional money (perhaps initially in a cost-sharing arrangement with parents) to make preschool opportunities available to all.

How should the federal government carry out the responsibility we envision of ensuring access to preschool for children of lower-income families? Currently Washington employs a number of funding mechanisms in its various early care and education programs: e.g., direct grants to local providers in Head Start; grants to states for child care subsidies either through contracting for places or (more commonly) certificates given to eligible parents; and tax subsidies to parents to offset part of the costs of dependent care.

None of the major current programs is well-suited to substantially increasing the federal commitment to high-quality preschool education for all children (not only children in poverty) while reinforcing states' capacities to build coherent early care and education systems and giving parents choice among providers willing to meet preschool standards of performance. Although we continue to support programs like Head Start, which provides an array of important services for children living in poverty and their families,

and CCDF, which provides critically-needed child care subsidies for lower-income families, we also believe a new initiative is needed.

The federal government should fulfill its share of the responsibility for funding prekindergarten education by creating a new federal-to-state preschool grant program.

This new program should provide sufficient funding to each state for all children from families earning below 85 percent of state median family income (the income level used to establish federal eligibility definition for CCDF subsidies) to have free access to part-day, school-year prekindergarten programs. Because about half of all children in the United States live in such families (see Appendix), this approach would imply roughly equal cost-sharing between the federal and state governments to pay for universal preschool. (The federal share could include the amount of federal subsidies supporting Head Start that go to local communities for services for 3- and 4-year-olds, to the extent that Head Start centers choose to offer educational services that meet state preschool standards.) To qualify for federal funds, states should be required to submit for approval plans describing a strategy and timetable for accomplishing the goal of providing universal access to prekindergarten and aligning the basic preschool program with extended-day, full-year options. States should be free to choose their own approach to providing universal prekindergarten, but their plans should enable diverse providers (e.g., public schools, nonprofit and for-profit child care centers, Head Start) to qualify as prekindergarten centers. Parents should be able to choose among providers willing to offer programs meeting state preschool standards. Parental choice could be ensured either by having state funding flow directly to state-approved preschool providers based on the number of children they enroll, as in the Georgia Pre-K Program, or by providing certificates to parents to use at qualified providers, which is the way many subsidies under CCDF are distributed. For state plans to be eligible for federal grants, state prekindergarten standards would have to be approved by the certifying body described above.

The federal prekindergarten grant program must involve new money, not money taken from other important areas of education and child care such as K-12 reform, Head Start, and infant and toddler care, where there are also important unmet needs.

ILLINOIS: GOVERNOR'S TASK FORCE ON UNIVERSAL ACCESS TO PRESCHOOL

Illinois illustrates how one state is approaching the task of developing a strategic plan for providing universal access to preschool. As part of the Futures for Kids initiative, more than 80 stakeholders representing government, business, parents, advocates, educators, and service providers came together in an assembly where they chose "creation of a voluntary universal early care and education program for 3- to 5-year-olds by 2005" as their highest priority for improving services for children age 0 to 5 in the state. In response, Governor George Ryan issued an executive order establishing a 33-member Task Force for Universal Access to Preschool.

The Task Force was charged with gathering information from parents, civic groups, and others and preparing recommendations to be submitted to the governor and the General Assembly by January 1, 2002. The Task Force carried out its work through 4 committees focused on (1) programs, outcomes, and assessments; (2) staffing and professional development; (3) systems integration and finance; and (4) public participation and support.

INFRASTRUCTURE, QUALITY IMPROVEMENT, AND OVERSIGHT

In addition to subsidizing direct preschool costs, the federal and state governments should make funds available to improve staff and facilities and provide technical assistance and monitoring.

Without explicit attention from policy makers, shortages of qualified staff and facilities are likely to hamper the expansion of prekindergarten programs. Between 2000 and 2005, states will face the need to provide K-12 classrooms and teachers for nearly a million more school-age children.[58] Public schools in many places are also trying to reduce class sizes in the early elementary grades to improve instruction and student learning. Both these factors mean that preschool programs, many of which already struggle to find and keep qualified staff and locate acceptable space in which to operate, can expect increasing competition (and thus higher prices) for these important resources. The pressures will intensify as preschool programs expand toward universal access, although encouraging the participation of existing child care and preschool providers in state-approved programs will help. There will still, however, be a need for several hundred thousand additional pre-K teachers.

Providers who wish to upgrade their standards in order to qualify for preschool funding face additional costs which they may not be able to cover from routine operating income. Sometimes they need to make one-time upgrades to their facilities. In states that set accreditation as a qualifying standard, providers must be prepared to pay the fees charged by accrediting agencies such as the National Association for the Education of Young Children. Providers could also benefit from increased attention by colleges and universities to prekindergarten teacher preparation and to the development and dissemination of effective preschool curricula.

A preschool system drawing on diverse providers, rather than a single entity such as public schools, offers many advantages; but diverse providers also heighten the need for monitoring to identify those that are not meeting established program standards. Monitoring can give states the information they need to target technical assistance to help programs improve or to terminate public funding for programs that are unable to measure up. States vary widely in their approaches to monitoring existing prekindergarten programs, and many current efforts seem inadequate. In 1998-99, 21 states had prekindergarten initiatives that either failed to require any state-level monitoring or required only written reports from programs with no on-site visits. States that did require on-site visits frequently made such visits only once a year or less frequently.[59] Such practices contrast with the military's requirement for at least 4 unannounced visits annually at its child development centers, with immediate correction of any violation of a safety, health, or child welfare law or regulation and the correction within 90 days of any non-life-threatening violation.[60]

States need to expand the quality-enhancing initiatives that have been started in many places and beef up their technical assistance and monitoring capacity. Many models exist; we highlight just a few here. To encourage facilities development, Connecticut established a "pooled revenue bond" program as part of its School Readiness Initiative, which allows nonprofit prekindergarten providers to take out low-interest loans that only require the provider to repay between 15 and 25 percent of the loan. Maryland provides technical assistance for professional development through its statewide Model for School Readiness, offering intensive training to personnel in prekindergarten, kindergarten, and prekindergarten special education programs. Kentucky has 5 early childhood regional training centers. Rhode Island provides finan-

cial support for accreditation through its Keys to Quality project. Ohio conducts 2 annual on-site reviews, as well as additional visits based on a data-driven system that enables the state to determine which programs would most benefit from a review. Tennessee makes 1 announced and 1 unannounced visit annually. Georgia uses a peer review committee to provide recommendations on whether to go beyond improvement assistance and terminate the contract of a prekindergarten program that is not in compliance with the state's quality requirements.[61]

Federal subsidies should continue to help states enhance preschool infrastructure, quality, and monitoring. Head Start and CCDF have mandatory quality set-asides that support improvements in their respective programs. The QUILT (Quality in Learning Together Program) of the U.S. Department of Health and Human Services supports partnerships between early education programs in various ways, including collecting and disseminating information, developing training materials and publications, and providing technical assistance. The Early Learning Opportunities Act, first funded at $20 million in FY 2001, provides a potential vehicle for directing federal assistance toward state-led system building, although until the act is funded at a level of $150 million annually, current law calls for the funds to go to localities instead of states.

DATA AND RESEARCH

The federal and state governments should improve data collection to ensure that comparable and reliable information is available on access, costs, and outcomes and should support research to expand our knowledge about the most effective characteristics of early learning programs.

The fragmented nature of early care and education in the United States and the absence of a coherent system of programs and providers is reflected in the fragmentary data that are available about who participates in what settings, for how long, with what level of quality, at what cost, and with what outcomes. There is virtually no routine data collection, either at the federal level or within the states, that provides complete and unduplicated information about the participation of young children in early care and education programs and how access, affordability, and outcomes have changed over time. Monitoring progress toward providing early learning opportunities for all and closing gaps in school readiness will require much better data systems than currently exist. The federal government should foster the availability and comparability of nationwide data on early education, as it does for K-12 and postsecondary education: through national surveys, procedural handbooks, national outreach and professional communication efforts, and technical assistance. States, where much of the data will originate, will need to improve their own data-collection capacities as well and should seek out opportunities to collaborate with other states to improve comparability.

More research is also needed. While existing research has provided important insights about the learning capabilities of young children and has raised critical questions about the adequacy of the settings in which many young children spend a great deal of time, it has so far not provided sufficient information to guide policy development and program implementation. As previously noted, the "how much is enough" question, along with questions of which program features are most conducive to desired child outcomes, are yet to be answered. Two recent studies of child development and preschool education by expert panels of the National Research Council[62] have identified priorities for research that can improve our understanding of how children develop and learn and that can guide the development of policies and

practices to meet our goals for effective early learning opportunities.

In particular, we note that both reports stress the need for improving the tools available for measuring early learning outcomes. Throughout this report we have emphasized that early learning is not merely the extension downward of elementary school objectives and structures, but involves preparing children cognitively, socially, and physically for school. Too much of prior research on early education has focused only on standardized cognitive evaluation, particularly IQ scores. More discriminating measurements are needed to capture the developmental outcomes that are most important for later success in school and life and that can paint a truer picture of whether early education programs are really making a difference in the lives of children. Since expanded public underwriting of early education will inevitably be accompanied by calls for evaluating the results of this new investment, improved methods of assessing learning and program quality as they relate to young children are urgently needed.

GETTING STARTED

Because the current state of early education in the United States is so complex and fragmented, creating high-quality early learning systems that are accessible to all will require action on many fronts. **As the various actors — federal, state, and local officials; private-sector providers; parents and other children's advocates — work to improve services for young children, we recommend that they use the principles we have identified as touchstones for linking diverse actions to a common agenda. Furthermore, we urge public officials and business leaders to begin moving on the handful of key steps that are needed to transform early education in America:**

- **We urge state policy makers to (1) expand preschool opportunities; (2) ensure that the necessary teachers and facilities are available; and (3) (for the vast majority of states who do not yet have them) develop specific plans and timetables for integrating preschool providers and programs into coherent systems that meet the educational needs of young children while also addressing the child care needs of working parents.**

- **We urge federal policy makers to provide incentives for and assistance to states constructing high-quality early learning systems by (1) establishing a new federal-to-state grant program to assist states with the costs of universal preschool, (2) helping states build the infrastructure needed to extend access to all children, and (3) creating an independent body to certify acceptable state standards for early education.**

- **We urge business leaders and all citizens to vigorously support the new public investments that will be needed to build universal preschool systems by (1) championing budget priorities that acknowledge the importance of these investments and (2) advocating tax increases if necessary to fund them.**

Education has long been recognized in the United States as key to both a productive and a just society. It is time to extend educational opportunity to preschool children, for their good and for the good of us all.

Appendix

Estimating the Cost of Universal Preschool

For purposes of this policy statement, we have estimated that the minimum annual cost for a high-quality, part-day, school-year prekindergarten program would be $4,000 to $5,000 per child. Although several research projects to develop cost estimates for various early education models are currently underway, the results are not yet available. We indicate in this appendix how we arrived at estimates of the likely minimum costs and suggest why true costs may well be higher.

A summary of available data

Because direct estimates of pre-K costs are not available, we look for guidance to information on elementary education expenditures, data on child care costs, and reports of public expenditures on programs such as Head Start and the universal pre-K program in Georgia. These 4 data sources provide very different numbers on costs.

- **Elementary education expenditures:** Current (i.e., operating) expenditures per pupil in public elementary and secondary schools averaged $6,508 per enrolled student nationwide in school year 1998-99. Total costs (including facilities, replacement equipment, and interest on debt) averaged $7,534 per student. Notably, the state-to-state range around this average was wide, from a high of $11,099 in New Jersey to a low of $5,147 in Utah.[63] Some of these differences reflect cost-of-living differences. Others reflect policy choices, such as the level of salaries paid to teachers and the range of course offerings available to students. The National Center for Education Statistics estimates that current expenditures per primary student nationwide averaged $6,043 in 1998, while expenditures per secondary student averaged $7,764.[64] Except for some kindergartners, elementary students attend school for 6-7 hours per day for roughly 36 weeks a year. A part-day (4-6 hours) pre-K program, even if offered in a public school with the same requirements for teacher salaries, etc., as "regular" elementary education would presumably cost less.
- **Child care/preschool:** Child care costs, especially those incurred by centers offering high-quality programs, provide another window into possible preschool costs. We looked at the costs reported by 96 centers with preschool classrooms that participated in the 1993 Cost, Quality, and Outcomes (CQO) Study, received preschool classroom ratings of 5.0 or above on selected ECERS[65] items relating to learning, and enrolled students who were primarily preschoolers rather than younger children. The average cost of care per hour (in 2001 dollars) was $3.22 (although this figure ranged from $2.29 in North Carolina to $4.22 in California). These per-hour costs are based on children who are generally in care year-round and for extended days, while their parents work. It is not clear that part-time programs such as school-day, school-year programs would have as low an hourly rate. If they did, the per-pupil cost would be $2,300 for a 4-hour-a-day program. As ECERS ratings went up, so did costs. In Massachusetts, costs for a program with an ECERS rating of 5.5 had costs almost 10 percent higher than programs with a 5.0 ECERS rating. A 1988 survey of NAEYC-

accredited preschool programs found costs per child that were about 13 percent higher than the CQO study.

The 1999 National Household Education Survey asked parents what they pay for private preschool. Parents using school-day type programs (20-34 hours per week for 36 weeks per year) reported spending an average of $2,956 annually. Upper-income parents (with income greater than $75,000 annually) reported spending an average of $3,533. What parents paid may not reflect actual program costs, however, since preschools may have other sources of income (e.g., charitable gifts or "in-kind" contributions).

- **Head Start:** Federal Head Start costs per child in 2000 were $5,951. These are the costs of program grants and do not include federal administrative costs or the local match, which is supposed to be 20 percent. Much of the latter is apparently "in kind" (e.g., through parental involvement). The key things to remember about Head Start is that it provides a variety of services to poor children and their families, not just preschool education. The educational component of Head Start programs varies from place to place, although there are new program standards that all grantees are expected to meet.

- **Georgia Pre-K:** The Georgia Pre-K Program reimburses providers $2,219 to $3,475 annually per child enrolled. The reimbursement rate is tied to the qualifications of the lead teacher in each classroom, the location of the school (in metro Atlanta or not), and whether the provider is a public school or not. Public school reimbursement rates are lower than those to other providers. We have not seen a careful analysis of true provider costs in the Georgia Pre-K program and suspect that the published reimbursement rates may well not capture them all. It is also worth noting that generally Georgia spends less than the national average on education: for example, Georgia spent $6,092 in current expenditures per public elementary and secondary student in 1998-99, compared to $6,508 nationally.

Conclusions about likely costs

In considering the likely costs of preschool, it is important to remember the argument in this policy statement that the quality of programs needs to be upgraded and the fact that many of the costs cited above for child care centers reflect the very low pay and training of their workers.

As a very rough starting point for estimating the annual costs of universal pre-K, therefore, we use a range of $4,000 to $5,000 per child in a part-day, part-year program. There are approximately 8.3 million children ages 3 to 5 not yet enrolled in kindergarten. If all these children were enrolled in publicly-funded pre-K, the cost would be $33.2 to $41.5 billion annually. Head Start and state-funded pre-K programs already meet some of these costs, but we estimate that *at a minimum* publicly-funded pre-K for all would cost an additional $25 to $35 billion annually. Of course, not all children would participate, which would bring the cost down somewhat. On the other hand, many states would likely face higher per-student costs, for the same reasons that their K-12 spending per pupil exceeds national averages. Quality improvements, in particular, are likely to make our estimate low over time, as states adopt the kind of educational standards for preschool envisioned in CED's report.

Data from the 1999 National Household Education Survey indicate that about half of 3- and 4-year-olds in the United States live in households with incomes below 85 percent of median household income.[66] CED's report recommends that the federal government provide sufficient funding to each state for all children from families earning below 85

percent of state median family income to have free access to part-day, school-year prekindergarten programs. The NHES data suggest that this would mean roughly equal cost-sharing between the federal and state governments on a national basis, although the shares might differ from state to state because of differences in state income profiles.

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66. Data provided to the CED Subcommittee on Education Policy by Professor W. Steven Barnett, Rutgers University.

Memoranda of Comment, Reservation, or Dissent

Page 1, JAMES Q. RIORDAN

The report makes clear the need for voluntary universal free educational programs for 3-and 4-year olds. Allowing those programs to be handled by a diverse set of providers chosen by parents is practical. Vesting primary management responsibility in the states is wise. Under the recommended arrangements, it is expected that the providers that best serve the children and their families will prosper and that their success will encourage the other providers to improve their service.

It is hoped that none will argue that the report's recommendations constitute an attack on pubic schools or the establishment of religion (even though many of the providers will likely have a religious affiliation).

The recommended flexible approach might serve as well if it were also extended to kindergarten and beyond.

Page 3, ARNOLD R. WEBER

I support and endorse the CED policy statement on Early Childhood Education. As an expression of policy goals, it is well developed and persuasive. However, concern must be expressed over the price tag on this initiative, a minimum of $25 to $35 billion and "full funding" of $41.5 billion. By any standards and in any economic environment, this is an ambitious commitment. I believe that the client group should be limited by some income criteria. Children in upper-middle class and affluent families often receive strong parental guidance and support, including various preschool programs. Priority should be given to children in low-income or "disadvantaged" families. Using the current methodology governing the distribution of Title 1 or Head Start programs may be a good point of departure.

Page 5, JOSH S. WESTON

This CED report is a useful, long-term roadmap for federal and state policy makers. Here is a more specific "stalking horse blueprint" that might accelerate near-term progress. It is one that:

- Permits state initiatives, standards, and alternative approaches.
- Offers and induces choice plus competition between schools.
- Combines simplicity and necessary gradualism. (Teachers, oversight, and facilities for all 3-and 4-year olds would require many years and much more funding.)
- Provides for a simple, quite affordable incentive grant to induce action by states and parents.

1. *Head Start* funding and quality standards should be improved to provide more qualified teachers, lower staff turnover, better outcomes, accountability, and wrap-around care for those parents who need it.
2. The first *new step* should aim only at 4-year olds in *working-poor* families (to be defined) who don't quality for Head Start. It could be a federally-offered 3- for 1 matching voucher (parent incentive certificate) to any state that simultaneously

offers its own $1000-$2000 annual tuition vouchers for such 4-year olds. Unlike Head Start, the vouchers could cover somewhat less than full cost, to induce parental involvement.

3. Vouchers would be redeemable in any public, private, or Head Start institution that obtained state certification as to quality and safety. They would cover part-day education, with higher redemption value when wrap-around child care is provided by the institution. The voucher might be 50 percent redeemable at enrollment and 50 percent at completion of the enrollee's school year.
4. To induce political acceptability and greater enrollment, a state might have the option to also offer lower value, federally-matched vouchers to nonpoor families.
5. To induce Head Start quality and competition, Head Start parents might have the option to opt out of Head Start and apply instead for a working-poor voucher at another institution.
6. Since all state and all eligible parents would not accept the challenge, it is not likely to initially cost the Federal government more than 1 million student vouchers (only $5 billion per year?), while providing significant stimuli and role models for universal optional pre-K education and wrap-around child care (where desired and needed) at a later date.
7. Given the enduring value of enhanced school readiness, this pilot investment of 0.05 percent of GNP could produce a huge lifetime return on investment for each participant.

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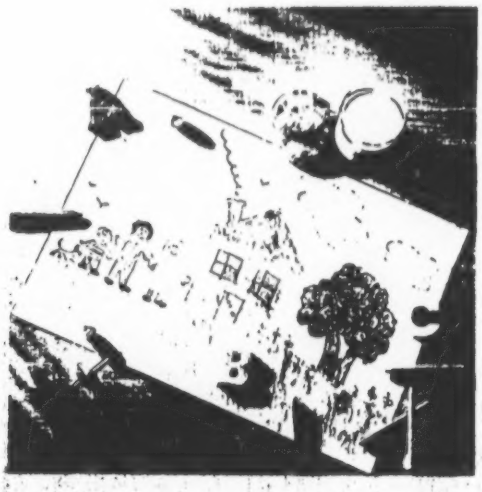

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